

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

Continuous Distribution

April 11, 2011



This prospectus qualifies the distribution of units (“Units”) of the exchange-traded funds listed below (the “iShares® Funds”), each of which was created under the laws of the Province of Ontario by BlackRock Asset Management Canada Limited (“BlackRock Canada”). BlackRock Canada is the trustee, manager and portfolio adviser of the iShares Funds and is responsible for the day-to-day administration of the iShares Funds. See “Organization and Management Details of the iShares Funds – Trustee, Manager and Portfolio Adviser”. The iShares Funds are organized as trusts and unitholders of the iShares Funds are not shareholders of a corporation.

iShares Canadian Equity Funds

iShares Dow Jones Canada Select Growth Index Fund (“XCG”)
iShares S&P®/TSX® SmallCap Index Fund (“XCS”)
iShares Dow Jones Canada Select Value Index Fund (“XCV”)
iShares Dow Jones Canada Select Dividend Index Fund (“XDV”)
iShares S&P/TSX Capped Energy Index Fund (“XEG”)
iShares S&P/TSX Equity Income Index Fund (“XEI”)
iShares Jantzi Social Index Fund (“XEN”)
iShares S&P/TSX Capped Financials Index Fund (“XFN”)
iShares S&P/TSX Capped Composite Index Fund (“XIC”)
iShares S&P/TSX Capped Information Technology Index Fund (“XIT”)
iShares S&P/TSX 60 Index Fund (“XIU”)
iShares S&P/TSX Capped Materials Index Fund (“XMA”)
iShares S&P/TSX Completion Index Fund (“XMD”)
iShares S&P/TSX Capped REIT Index Fund (“XRE”)
iShares S&P/TSX Capped Consumer Staples Index Fund (“XST”)
iShares S&P/TSX Capped Utilities Index Fund (“XUT”)
iShares S&P/TSX Venture Index Fund (“XVX”)

iShares Canadian Fixed Income Funds

iShares DEX Universe Bond Index Fund (“XBB”)
iShares DEX All Corporate Bond Index Fund (“XCB”)
iShares DEX All Government Bond Index Fund (“XGB”)
iShares DEX HYBRID Bond Index Fund (“XHB”)
iShares DEX Long Term Bond Index Fund (“XLB”)
iShares DEX Real Return Bond Index Fund (“XRB”)
iShares DEX Short Term Bond Index Fund (“XSB”)

iShares International Equity Funds

iShares MSCI Brazil Index Fund (“XBZ”)
iShares China Index Fund (“XCH”)
iShares MSCI Emerging Markets Index Fund (“XEM”)
iShares S&P CNX Nifty India Index Fund (“XID”)
iShares S&P Latin America 40 Index Fund (“XLA”)
iShares MSCI World Index Fund (“XWD”)

iShares International Mining Sector Funds

iShares S&P/TSX Global Base Metals Index Fund (“XBM”)
iShares S&P/TSX Global Gold Index Fund (“XGD”)

iShares Currency Hedged International Equity Funds

iShares S&P Global Healthcare Index Fund (CAD-Hedged) (“XHC”)

iShares MSCI EAFE® Index Fund (CAD-Hedged) (“XIN”)

iShares NASDAQ 100 Index Fund (CAD-Hedged) (“XQQ”)

iShares S&P 500 Index Fund (CAD-Hedged) (“XSP”)

iShares Russell 2000® Index Fund (CAD-Hedged) (“XSU”)

iShares S&P/TSX North American Preferred Stock Index Fund (CAD-Hedged) (“XPF”)

iShares Currency Hedged International Fixed Income Funds

iShares J.P. Morgan USD Emerging Markets Bond Index Fund (CAD-Hedged) (“XEB”)

iShares U.S. High Yield Bond Index Fund (CAD-Hedged) (“XHY”)

iShares U.S. IG Corporate Bond Index Fund (CAD-Hedged) (“XIG”)

Investment Objectives and Strategies

iShares Canadian Equity Funds

The iShares Canadian Equity Funds seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable Canadian Equity Fund Index, net of expenses. The applicable Canadian Equity Fund Index for each iShares Canadian Equity Fund is identified in this prospectus under “Investment Objectives – iShares Canadian Equity Funds”. The investment strategy of each iShares Canadian Equity Fund, other than XVX, is to invest primarily in and hold the Index Securities of the applicable Canadian Equity Fund Index in substantially the same proportion as they are reflected in the applicable Canadian Equity Fund Index. See “Investment Objectives – iShares Canadian Equity Funds” and “Investment Strategies – iShares Canadian Equity Funds”.

The investment strategy of XVX is to invest primarily in a portfolio of Index Securities which make up the S&P/TSX Venture Select Index (the “**Venture Index**”), selected by BlackRock Canada from time to time, that closely matches the characteristics of the Venture Index.

An iShares Canadian Equity Fund may invest in and hold units of other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager, and/or other equity securities, provided that such holding by the iShares Canadian Equity Fund is consistent with its stated investment objective. The iShares Canadian Equity Funds may invest in futures contracts in order to provide market exposure for cash and may also hold money market instruments, securities of money market funds or cash to meet its current obligations. See “Investment Objectives – iShares Canadian Equity Funds” and “Investment Strategies – iShares Canadian Equity Funds”.

iShares Canadian Fixed Income Funds

The iShares Canadian Fixed Income Funds seek to provide income by replicating, to the extent possible, the performance of the applicable Canadian Fixed Income Fund Index, net of expenses. The applicable Canadian Fixed Income Fund Index for each iShares Canadian Fixed Income Fund is identified in this prospectus under “Investment Objectives – iShares Canadian Fixed Income Funds”. The investment strategy of each iShares Canadian Fixed Income Fund is to invest in a regularly rebalanced portfolio of bonds, selected by BlackRock Canada from time to time, that closely matches the characteristics of the applicable Canadian Fixed Income Fund Index. An iShares Canadian Fixed Income Fund may invest in and hold units of other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager provided that such holding by the iShares Canadian Fixed Income Fund is consistent with its stated investment objective. The iShares Canadian Fixed Income Funds may invest in bond futures contracts in order to provide market exposure for cash held by such iShares Canadian Fixed Income Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations. See “Investment Objectives – iShares Canadian Fixed Income Funds” and “Investment Strategies – iShares Canadian Fixed Income Funds”.

iShares International Equity Funds

The iShares International Equity Funds seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable International Equity Fund Index, net of expenses. The applicable

International Equity Fund Index for each iShares International Equity Fund is identified in this prospectus under “Investment Objectives – iShares International Equity Funds”. The investment strategy of each iShares International Equity Fund is to invest primarily in shares of one or more U.S. iShares Funds such that the resulting portfolio will have characteristics that closely match the characteristics of the applicable International Equity Fund Index. The U.S. iShares Funds are exchange-traded funds managed by an affiliate of BlackRock Canada. An iShares International Equity Fund may also invest directly in the Index Securities of the applicable International Equity Fund Index, and/or in other equity securities, provided that such investment is consistent with its stated investment objective. The iShares International Equity Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares International Equity Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations. See “Investment Objectives – iShares International Equity Funds” and “Investment Strategies – iShares International Equity Funds”.

iShares International Mining Sector Funds

The iShares International Mining Sector Funds seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable International Mining Sector Index, net of expenses. The applicable International Mining Sector Fund Index for each iShares International Mining Sector Fund is identified in this prospectus under “Investment Objectives – iShares International Mining Sector Funds”. The investment strategy of each iShares International Mining Sector Fund is to invest primarily in and hold the Index Securities of the applicable International Mining Sector Fund Index in substantially the same proportion as they are reflected in the applicable International Mining Sector Fund Index. An iShares International Mining Sector Fund may invest in and hold units of other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager, and/or other equity securities, provided that such holding by the iShares International Mining Sector Funds is consistent with its stated investment objective. The iShares International Mining Sector Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares International Mining Sector Fund and may also hold money market instruments, securities of money market funds or cash to meet their current obligations. See “Investment Objectives – iShares International Mining Sector Funds” and “Investment Strategies – iShares International Mining Sector Funds”.

iShares Currency Hedged International Equity Funds

The iShares Currency Hedged International Equity Funds, other than XPF, seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable Hedged International Equity Fund Index, net of expenses. The applicable Hedged International Equity Fund Index for each iShares Currency Hedged International Equity Fund is identified in this prospectus under “Investment Objectives – iShares Currency Hedged International Equity Funds”. The investment strategy of each iShares Currency Hedged International Equity Fund, other than XPF and XQQ, is to invest primarily in shares of a U.S. iShares Fund such that the resulting portfolio will have characteristics that closely match the characteristics of the applicable Hedged International Equity Fund Index and to hedge any resulting foreign currency exposure back to Canadian dollars. The U.S. iShares Funds are exchange-traded funds managed by an affiliate of BlackRock Canada.

XPF seeks to provide income by replicating, to the extent possible, the performance of the S&P/TSX North American Preferred Stock Canadian Dollar Hedged Index (the “**Preferred Index**”), net of expenses. The investment strategy of XPF is to invest in a regularly rebalanced portfolio of preferred shares, selected by BlackRock Canada from time to time, as well as shares of one or more iShares ETFs, that in aggregate closely match the characteristics of the Preferred Index, and to hedge any resulting U.S. dollar currency exposure back to Canadian dollars. See “Investment Objectives – iShares Currency Hedged International Equity Funds” and “Investment Strategies – iShares Currency Hedged International Equity Funds”.

The investment strategy of XQQ is to invest primarily in and hold the Index Securities of the NASDAQ-100 Currency Hedged CAD Index (the “**NASDAQ Index**”) in substantially the same proportion as they are reflected in the NASDAQ Index, and to hedge any resulting U.S. dollar currency exposure back to Canadian dollars. See “Investment Objectives – iShares Currency Hedged International Equity Funds” and “Investment Strategies – iShares Currency Hedged International Equity Funds”.

The iShares Currency Hedged International Equity Funds intend to employ a currency hedging strategy that is designed to hedge their exposure to U.S. dollars or other foreign currency, as applicable, by entering into

currency forward contracts and other derivative instruments with financial institutions that have an “approved credit rating” as defined in NI 81-102. An iShares Currency Hedged International Equity Fund may also invest directly in Index Securities of the applicable Hedged International Equity Fund Index, other exchange-traded funds of which BlackRock Canada or an affiliate is trustee or manager, and/or other equity securities, provided that such investment is consistent with its stated investment objective. The iShares Currency Hedged International Equity Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares Currency Hedged International Equity Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations.

iShares Currency Hedged International Fixed Income Funds

The iShares Currency Hedged International Fixed Income Funds seek to provide income by replicating, to the extent possible, the performance of the applicable Hedged International Fixed Income Fund Index, net of expenses, and, to the extent possible, hedge any resulting U.S. dollar currency exposure back to Canadian dollars. The applicable Hedged International Fixed Income Fund Index for each iShares Currency Hedged International Fixed Income Fund is identified in this prospectus under “Investment Objectives – iShares Currency Hedged International Fixed Income Funds”. The investment strategy of each iShares Currency Hedged International Fixed Income Fund is to invest primarily in shares of a U.S. iShares Fund such that the resulting portfolio will have characteristics that closely match the characteristics of the applicable Hedged International Fixed Income Fund Index, and to hedge any resulting U.S. dollar currency exposure back to Canadian dollars. The U.S. iShares Funds are exchange-traded funds managed by an affiliate of BlackRock Canada. The iShares Currency Hedged International Fixed Income Funds intend to employ a currency hedging strategy that is designed to hedge their exposure to U.S. dollars by entering into currency forward contracts and other derivative instruments with financial institutions that have an “approved credit rating” as defined in NI 81-102. An iShares Currency Hedged International Fixed Income Fund may also invest directly in the Index Securities of the applicable Hedged International Fixed Income Fund Index, other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager and/or in other fixed income securities, provided that such investment is consistent with its stated investment objective. The iShares Currency Hedged International Fixed Income Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares Currency Hedged International Fixed Income Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations. See “Investment Objectives – iShares Currency Hedged International Fixed Income Funds” and “Investment Strategies – iShares Currency Hedged International Fixed Income Funds”.

Listing of Units

The Units of each iShares Fund, other than the New iShares Funds, are listed on the Toronto Stock Exchange (“TSX”) and are offered on a continuous basis. Investors may buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions when buying or selling Units on the TSX. No fees are paid by a unitholder to BlackRock Canada or the iShares Funds in connection with the buying or selling of Units on the TSX.

The TSX has conditionally approved the listing of Units of the New iShares Funds subject to fulfillment by the New iShares Funds of the requirements of the TSX, including distribution of the Units of the New iShares Funds to a minimum number of unitholders by June 8, 2011. Once the Units of the New iShares Funds are listed on the TSX, Units of the New iShares Funds will be offered on a continuous basis. Investors will be able to buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Purchase, Redemption and Exchange

Underwriters may purchase and redeem Units directly from the iShares Funds. Unitholders of the iShares Funds may dispose of their Units in two ways: (i) by selling their Units on the TSX at the full market price less customary brokerage commissions and expenses, or (ii) by redeeming Units for cash at a redemption price of 95% of the closing price for the applicable Units on the TSX on the effective day of redemption. Unitholders are advised to consult their brokers or investment advisers before redeeming Units for cash. Each iShares Fund also offers additional redemption or exchange options which are available where a unitholder redeems or exchanges a Prescribed Number of Units. See “Purchase of Units” and “Exchange and Redemption of Units”.

Additional Considerations

No underwriter has been involved in the preparation of the prospectus or has performed any review of the contents of the prospectus.

For a discussion of the risks associated with an investment in Units of the iShares Funds, see “Risk Factors”.

The registration and transfer of Units are effected through the book-entry only system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). Investors in the iShares Funds do not have the right to receive physical certificates evidencing their ownership of Units.

Trademarks

“iShares®” is a registered trademark of BlackRock Institutional Trust Company, N.A. (“**BTC**”). Used with permission.

“DEX Short Term Bond IndexTM”, “Indice d’obligations à court terme DEXTM”, “DEX Universe Bond IndexTM”, “Indice obligataire universel DEXTM”, “DEX Real Return Bond IndexTM”, “Indice d’obligations à rendement réel DEXTM”, “DEX All Corporate Bond IndexTM”, “Indice tout en obligations de société DEXTM”, “DEX All Government Bond IndexTM”, “Indice tout en obligations gouvernementales DEXTM”, “DEX Long Term Bond IndexTM”, “Indice d’obligations à long terme DEXTM” and “DEX HYBRID Bond IndexTM” are trademarks of TSX Inc. These marks have been licensed for use for certain purposes to BlackRock Canada by PC-Bond, a business unit of TSX Inc. The iShares Canadian Fixed Income Funds are not sponsored, endorsed, sold or promoted by PC-Bond, TSX Inc., its affiliates, or third party data suppliers and they make no representation, warranty, or condition regarding the advisability of investing in the iShares Canadian Fixed Income Funds.

“Dow Jones”, “Dow Jones Canada Select Dividend IndexSM”, “Dow Jones Canada Select Growth IndexSM” and “Dow Jones Canada Select Value IndexSM” are service marks of Dow Jones & Company, Inc. (“**Dow Jones**”). The iShares Dow Jones Canadian Equity Funds are licensed to use the service marks for certain purposes pursuant to a license agreement between BTC and Dow Jones which BTC has sub-licensed to BlackRock Canada. The iShares Dow Jones Canadian Equity Funds are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in Units of the iShares Dow Jones Canadian Equity Funds.

“FTSETM” is a trademark jointly owned by the London Stock Exchange PLC and The Financial Times Limited. All marks are licensed for use by FTSE Index Limited (“**FTSE**”). The FTSE China 25 Index is calculated by or on behalf of FTSE. XCH is not sponsored, endorsed, sold or promoted by FTSE and it makes no representation, condition, warranty or recommendation regarding the advisability of investing in XCH.

“International Index Company Limited”, “iBoxx®”, “Markit iBoxx USD Liquid Investment Grade Index” and “Markit iBoxx USD Liquid High Yield Index” are trademarks of International Index Company Limited (“**IICL**”). XIG and XHY are permitted to use the applicable marks pursuant to a license agreement between IICL and BTC, an affiliate of BlackRock Canada, which has sublicensed the use of those trademarks to BlackRock Canada. XIG and XHY are not sponsored, sold or promoted by IICL and it makes no representation, condition, warranty or recommendation regarding the advisability of investing in XIG and XHY.

“Jantzi Social Index®” and “JSI®” are registered trademarks of Jantzi Research Inc. (“**Jantzi**”). XEN is permitted to use the Jantzi Social Index and JSI marks pursuant to a license agreement between Jantzi and BlackRock Canada, relating, among other things, to the licence granted to BlackRock Canada to use the Jantzi Social Index. XEN is not sponsored, endorsed, sold or promoted by Jantzi and Jantzi makes no representation, condition, warranty or recommendation regarding the advisability of investing in XEN.

J.P. Morgan is a marketing name for JPMorgan Chase & Co., and its subsidiaries and affiliates worldwide. J.P. Morgan calculates and maintains the J.P. Morgan EMBI Global Core Hedged in CAD Index and the J.P. Morgan EMBI Global Core Unhedged in CAD Index (“**J.P. Morgan Indexes**”). BTC has been licensed to use the J.P. Morgan Indexes and certain trademarks pursuant to a license agreement between BTC and J.P. Morgan. BTC

has sublicensed the use of the J.P. Morgan Indexes and certain trademarks to BlackRock Canada. XEB is not sponsored, endorsed, sold or promoted by J.P. Morgan. J.P. Morgan makes no representation or warranty, express or implied, to the owners of XEB or any member of the public regarding the advisability of investing in securities generally or in XEB particularly or the ability of the J.P. Morgan Indexes to track general stock market performance.

“MSCI” and “EAFE®” are trademarks of MSCI, Inc. (“**MSCI**”). XIN, XEM, XWD and XBZ are permitted to use the MSCI mark and, as applicable, the EAFE mark, pursuant to a license agreement between MSCI and BTC, relating to, among other things, the license granted to BTC to use the Indices. BTC has sublicensed the use of these trademarks to BlackRock Canada. XIN, XEM, XWD and XBZ are not sponsored, endorsed, sold or promoted by MSCI and MSCI makes no representation, condition or warranty regarding the advisability of investing in XIN, XEM, XWD and XBZ.

“NASDAQ®”, “NASDAQ OMX®”, “NASDAQ-100®”, “NASDAQ-100 Currency Hedged CAD IndexSM” are trademarks of The NASDAQ OMX Group, Inc. (which with its affiliates is referred to as “NASDAQ OMX”) and have been licensed for use by BTC. BTC has sublicensed the use of the trademark to BlackRock Canada. XQQ has not been passed on by NASDAQ OMX as to its legality or suitability. XQQ is not sponsored, endorsed, sold or promoted by NASDAQ OMX. NASDAQ OMX MAKES NO WARRANTIES AND BEARS NO LIABILITY WITH RESPECT TO XQQ.

“Russell 2000® Index” is a trademark of Frank Russell Company, doing business as Russell Investment Group (“**FRC**”) and has been licensed for use by BTC. BTC has sublicensed the use of the trademarks to BlackRock Canada. XSU is not sponsored, endorsed, sold or promoted by FRC, and FRC makes no representation regarding the advisability of investing in XSU.

Standard & Poor’s Financial Services LLC (“**S&P**”) is a division of The McGraw-Hill Companies, Inc., a New York corporation. Among other things, S&P is engaged in the business of developing, constructing, compiling, computing and maintaining various equity indices that are recognized worldwide as benchmarks for U.S. stock market performance. “Standard & Poor’s®” and “S&P®” are trademarks of The McGraw Hill Companies, Inc. and have been licensed for use by India Index Services & Products Limited (“**IISL**”) in connection with the S&P CNX Nifty Index. IISL may further license the S&P trademarks to third parties, and has sublicensed such marks to BTC in connection with the S&P CNX Nifty Index and XID. XID is permitted to use these trademarks pursuant to a license agreement between IISL and BTC, an affiliate of BlackRock Canada. The S&P CNX Nifty Index is not compiled, calculated or distributed by S&P and S&P makes no representation regarding the advisability of investing in products that utilize the S&P CNX Nifty Index as a component thereof, including Units of XID.

“TSX®” is a registered trademark of TSX Inc. “S&P®” is a registered trademark and “S&P Latin America 40 IndexTM” is a trademark of Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. The iShares S&P/TSX Canadian Equity Funds, the iShares International Mining Sector Funds, XHC, XLA, XPF and XSP are permitted to use the S&P marks, and, as applicable, the TSX marks, pursuant to a license agreement between S&P and BTC, an affiliate of BlackRock Canada, which has sublicensed the use of those trademarks to BlackRock Canada. The iShares S&P/TSX Canadian Equity Funds, the iShares International Mining Sector Funds, XHC, XLA, XPF and XSP are not sponsored, endorsed, sold or promoted by S&P, The McGraw-Hill Companies, Inc. or the TSX, and they make no representation, condition or warranty regarding the advisability of investing in Units of the iShares S&P/TSX Canadian Equity Index Funds, the iShares International Mining Sector Funds, XHC, XLA, XPF and XSP.

Documents Incorporated by Reference

During the period in which the iShares Funds are in continuous distribution, additional information will be available in the most recently filed comparative annual financial statements, any interim financial statements filed after the most recent comparative annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”) and any interim MRFP filed after the annual MRFP of each iShares Fund. These documents are or will be incorporated by reference into, and form an integral part of, this prospectus. These documents are publicly available on the iShares Funds web site at www.ishares.ca and may be obtained upon request, at no cost, by calling 1-866-474-2737 or by contacting a registered dealer. These documents and other information about the iShares Funds are publicly available at www.sedar.com. See “Documents Incorporated by Reference”.

IMPORTANT TERMS

Basket — as applicable, a Basket of Securities (applicable to the iShares Canadian Equity Funds (other than XVX) and the iShares International Mining Sector Funds only) or a group of iShares ETFs, bonds, shares or other securities as BlackRock Canada may determine in its discretion from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Basket of Securities — in relation to a particular iShares Canadian Equity Fund (other than XVX) or the iShares International Mining Sector Funds only, a group of Index Securities with each Constituent Issuer of that Index being represented by the number of Index Securities which, when multiplied by the Constituent Issuer's last sale price per Index Security, is approximately equivalent to the Constituent Issuer's Relative Weight in the Index.

BlackRock — BlackRock, Inc., the ultimate parent company of BlackRock Canada.

BlackRock Canada — BlackRock Asset Management Canada Limited.

BRAL — BlackRock Advisors (UK) Limited, an affiliate of BlackRock Canada.

BTC — BlackRock Institutional Trust Company, N.A., an affiliate of BlackRock Canada.

Canadian Equity Fund Indices — collectively, the S&P/TSX 60 Index, the S&P/TSX Capped Composite Index, the S&P/TSX Completion Index, the S&P/TSX SmallCap Index, the S&P/TSX Capped Energy Index, the S&P/TSX Capped Financials Index, the S&P/TSX Capped Information Technology Index, the S&P/TSX Capped REIT Index, the S&P/TSX Capped Materials Index, the S&P/TSX Equity Income Index, the S&P/TSX Capped Consumer Staples Index, the S&P/TSX Capped Utilities Index, the S&P/TSX Venture Select Index, the Dow Jones Canada Select Dividend Index, the Dow Jones Canada Select Growth Index, the Dow Jones Canada Select Value Index and the Jantzi Social Index, as the case may be, each as constituted by the applicable Index Provider from time to time, and **Canadian Equity Fund Index** means any one of them.

Canadian iShares Fund — an iShares Fund that is listed on a recognized Canadian stock exchange and managed by BlackRock Canada or an affiliate.

Canadian Fixed Income Fund Indices — collectively, the DEX Short Term Bond Index, the DEX Universe Bond Index, the DEX Real Return Bond Index, the DEX All Corporate Bond Index, the DEX All Government Bond Index, the DEX Long Term Bond Index and the DEX HYBRID Bond Index, and **Canadian Fixed Income Fund Index** means any one of them.

Capped Indices — in relation to the iShares Canadian Equity Funds, the iShares International Equity Funds or the iShares International Mining Sector Funds, the Indices which are constrained market capitalization-weighted indices, and **Capped Index** means any one of them.

Cash Creation Fee — the fee payable in connection with cash-only payments for subscriptions of a Prescribed Number of Units of the applicable iShares Fund, representing, as applicable, brokerage expenses, commissions, transaction costs and other costs or expenses that the iShares Fund incurs or expects to incur in purchasing securities on the market with such cash proceeds.

Cash Exchange Fee — the fee payable in connection with cash-only payments for exchanges of a Prescribed Number of Units of the applicable iShares Fund, representing, as applicable, brokerage expenses, commissions, transaction costs and other costs or expenses that an iShares Fund incurs or expects to incur in selling securities on the market to obtain the necessary cash for the exchange.

CDS — CDS Clearing and Depository Services Inc.

Constituent Issuers — in relation to a particular Index, the issuers that from time to time are included in that Index as selected by the Index Provider.

DTAA — the Double Tax Avoidance Agreement between India and Mauritius.

Dow Jones — Dow Jones & Company, Inc., the Index Provider of the Dow Jones Canadian Equity Fund Indices.

Dow Jones Canadian Equity Fund Indices — collectively, the Dow Jones Canada Select Dividend Index, the Dow Jones Canada Select Growth Index and the Dow Jones Canada Select Value Index, and **Dow Jones Canadian Equity Fund Index** means any one of them.

EAFE® Index — the Europe, Australasia, Far East Index provided by MSCI.

FRC — Frank Russell Company, the Index Provider of the Russell 2000® Index – Canadian Dollar Hedged.

FTSE — FTSE Index Limited, the Index Provider of the FTSE China 25 Index.

GST — federal goods and services tax.

HST – harmonized sales tax, which applies in lieu of GST in the Provinces of British Columbia, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador.

Hedged International Equity Fund Indices — collectively, the S&P 500 Hedged to Canadian Dollars Index, the MSCI EAFE 100% Hedged to CAD Dollars Index and the Russell 2000® Index – Canadian Dollar Hedged, the S&P Global 1200 Health Care Canadian Dollar Hedged Index and the NASDAQ-100 Currency Hedged CAD Index and **Hedged International Equity Fund Index** means any one of them.

Hedged International Fixed Income Fund Indices — collectively, the Markit iBoxx USD Liquid Investment Grade Index, the Markit iBoxx USD Liquid High Yield Index and the J.P. Morgan EMBI Global Core Hedged in CAD Index, or any replacement index, as applicable, and **Hedged International Fixed Income Fund Index** means any one of them.

IICL — International Index Company Limited, the Index Provider of the Markit iBoxx USD Liquid Investment Grade Index and Markit iBoxx USD Liquid High Yield Index.

IISL — India Index Services & Products Ltd., the Index Provider of the S&P CNX Nifty Index.

Index Level — in relation to a particular Index, the level of that Index as calculated by the Index Provider from time to time.

Index Provider — third party providers of Indices, including S&P, FTSE, IICL, Dow Jones, PC-Bond, FRC, MSCI NASDAQ OMX, Jantzi and JP Morgan Chase & Co., with which BlackRock Canada has entered into licensing arrangements (either directly or pursuant to a sublicense with BTC) to use the relevant Indices and certain trademarks in connection with the operation of the applicable iShares Funds.

Index Securities — in relation to a particular Index, the securities of the Constituent Issuers included in that Index.

Indices — benchmarks, provided by Index Providers, which are used by the iShares Funds in relation to the iShares Funds' investment objectives, and **Index** means any one of them.

International Equity Fund Indices — collectively, the MSCI Emerging Markets Index, the MSCI World Index, the FTSE China 25 Index or any replacement index, the MSCI Brazil Index, the S&P Latin America 40 Index and the S&P CNX Nifty Index, and **International Equity Fund Index** means any one of them.

International Mining Sector Indices — collectively, the S&P/TSX Global Base Metals Index and the S&P/TSX Global Gold Index.

Investment Sub-Advisory Agreement — as described under “Organization and Management Details of the iShares Funds – Details of the Investment Sub-Advisory Agreement”.

IRC — the independent review committee of the iShares Funds as described under “Organization and Management Details of the iShares Funds – Independent Review Committee”.

iShares Canadian Equity Funds — collectively, the iShares S&P/TSX Canadian Equity Funds, the iShares Dow Jones Canadian Equity Funds and XEN, and **iShares Canadian Equity Fund** means any one of them.

iShares Canadian Fixed Income Funds — collectively, XBB, XCB, XGB, XHB, XLB, XRB and XSB, and **iShares Canadian Fixed Income Fund** means any one of them.

iShares Currency Hedged International Equity Funds — collectively, XHC, XIN, XQQ, XSP, XSU and XPF, and **iShares Currency Hedged International Equity Fund** means any one of them.

iShares Currency Hedged International Fixed Income Funds — collectively, XEB, XHY and XIG, and **iShares Currency Hedged International Fixed Income Fund** means any one of them.

iShares Dow Jones Canadian Equity Funds — collectively, XCG, XCV and XDV, and **iShares Dow Jones Canadian Equity Fund** means any one of them.

iShares ETFs — securities issued by exchange-traded funds managed by BlackRock Canada or an affiliate, including Canadian iShares Funds and U.S. iShares Funds.

iShares Funds — collectively, the iShares Canadian Equity Funds, iShares Canadian Fixed Income Funds, iShares International Equity Funds, iShares International Mining Sector Funds, iShares Currency Hedged International Equity Funds and iShares Currency Hedged International Fixed Income Funds, and **iShares Fund** means any one of them.

iShares International Equity Funds — collectively, XBZ, XCH, XEM, XID, XLA and XWD, and **iShares International Equity Fund** means any one of them.

iShares International Mining Sector Funds — means XBM and XGD.

iShares S&P/TSX Canadian Equity Funds — collectively, XCS, XEG, XEI, XFN, XIC, XIT, XIU, XMA, XMD, XRE, XST, XUT and XVX and **iShares S&P/TSX Canadian Equity Fund** means any one of them.

Jantzi — Jantzi Research Inc., the Index Provider of the Jantzi Social Index.

J.P. Morgan — J.P. Morgan Securities Inc., the Index Provider of the J.P. Morgan EMBI Global Core Hedged in CAD Index.

Management Fee Distribution — as described under “Fees and Expenses of the iShares Funds – Management Fee Distributions”, an amount equal to the difference between the applicable management fee or total annual fee otherwise chargeable and a reduced fee determined by BlackRock Canada from time to time and distributed quarterly in cash by an iShares Fund to unitholders who hold large investments in the iShares Fund.

Master Declaration of Trust — the master declaration of trust amended and restated as of April 6, 2011 governing the iShares Funds, as may be amended and/or restated from time to time.

MRFP(s) — management report(s) of fund performance.

MSCI — MSCI, Inc., the Index Provider of the EAFE Index, the MSCI EAFE 100% Hedged to CAD Dollars Index, the MSCI Emerging Markets Index, the MSCI World Index and the MSCI Brazil Index.

NASDAQ — The NASDAQ OMX Group, Inc., the Index Provider of the NASDAQ Index.

NASDAQ Index — the NASDAQ-100 Currency Hedged CAD Index.

Net Asset Value — in relation to a particular iShares Fund, the market value of the total assets held by that iShares Fund, less an amount equal to the total liabilities of that iShares Fund.

Net Asset Value per Unit — in relation to a particular iShares Fund, the Net Asset Value of that iShares Fund divided by the total number of Units of that iShares Fund outstanding.

New iShares Funds — collectively, XBM, XEB, XEI, XHC, XQQ, XST, XUT and XVX.

NI 81-102 — National Instrument 81-102 – *Mutual Funds*.

NI 81-107 — National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

PC-Bond — a business unit of TSX Inc. and the Index Provider of the Canadian Fixed Income Fund Indices.

Preferred Index — S&P/TSX North American Preferred Stock Canadian Dollar Hedged Index.

Prescribed Number of Units — in relation to an iShares Fund, the number of Units determined by BlackRock Canada from time to time for the purpose of subscription orders, exchanges, redemptions or for such other purposes as BlackRock Canada may determine.

Registered Plans — trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts.

REITs — real estate investment trusts.

Relative Weight — in relation to a particular Index, the quoted market value of an individual Constituent Issuer or a potential Constituent Issuer as applicable, divided by the aggregate quoted market value of that Index.

S&P — Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., the Index Provider of all of the Indices used by the iShares S&P/TSX Canadian Equity Funds, the S&P/TSX Global Gold Index, the S&P 500 Index, the S&P/TSX Global Base Metals Index, the S&P Global Healthcare Sector Canadian Dollar Hedged Index, the S&P 500 Hedged to Canadian Dollars Index, the S&P Latin America 40 Index and the Preferred Index.

SSBT — State Street Bank and Trust Company, an affiliate of SSTCC.

SSTCC — State Street Trust Company Canada, the custodian of the iShares Funds.

Subsidiary — the wholly-owned subsidiary of the iShares S&P India Nifty 50 Index Fund formed under the laws of the Republic of Mauritius in which substantially all of the assets of XIX are indirectly invested through its investment in the iShares S&P India Nifty 50 Index Fund.

Tax Act — the *Income Tax Act* (Canada) and the regulations issued thereunder.

Trading Day — for each iShares Fund, a day on which (i) a regular session of the TSX is held; (ii) the primary market or exchange for the securities held by the iShares Fund is open for trading; and (iii) the Index Provider of such iShares Fund calculates and publishes data relating to the applicable Index.

TSX — the Toronto Stock Exchange.

Underwriters — registered brokers and dealers that enter into underwriting agreements with one or more iShares Funds and that subscribe for and purchase Units from such iShares Funds, and **Underwriter** means any one of them.

Unit — in relation to a particular iShares Fund, a unit of beneficial interest in that iShares Fund.

U.S. iShares Fund — any exchange-traded fund that is listed on a recognized U.S. stock exchange and managed by an affiliate of BlackRock Canada.

Venture Index — S&P/TSX Venture Select Index.

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PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

Issuers:

iShares Canadian Equity Funds

iShares Dow Jones Canada Select Growth Index Fund (“**XCG**”)
iShares S&P®/TSX® SmallCap Index Fund (“**XCS**”)
iShares Dow Jones Canada Select Value Index Fund (“**XCV**”)
iShares Dow Jones Canada Select Dividend Index Fund (“**XDV**”)
iShares S&P/TSX Capped Energy Index Fund (“**XEG**”)
iShares S&P/TSX Equity Income Index Fund (“**XEI**”)
iShares Jantzi Social Index Fund (“**XEN**”)
iShares S&P/TSX Capped Financials Index Fund (“**XFN**”)
iShares S&P/TSX Capped Composite Index Fund (“**XIC**”)
iShares S&P/TSX Capped Information Technology Index Fund (“**XIT**”)
iShares S&P/TSX 60 Index Fund (“**XIU**”)
iShares S&P/TSX Capped Materials Index Fund (“**XMA**”)
iShares S&P/TSX Completion Index Fund (“**XMD**”)
iShares S&P/TSX Capped REIT Index Fund (“**XRE**”)
iShares S&P/TSX Capped Consumer Staples Index Fund (“**XST**”)
iShares S&P/TSX Capped Utilities Index Fund (“**XUT**”)
iShares S&P/TSX Venture Index Fund (“**XVX**”)

iShares Canadian Fixed Income Funds

iShares DEX Universe Bond Index Fund (“**XBB**”)
iShares DEX All Corporate Bond Index Fund (“**XCB**”)
iShares DEX All Government Bond Index Fund (“**XGB**”)
iShares DEX HYBrid Bond Index Fund (“**XHB**”)
iShares DEX Long Term Bond Index Fund (“**XLB**”)
iShares DEX Real Return Bond Index Fund (“**XRB**”)
iShares DEX Short Term Bond Index Fund (“**XSB**”)

iShares International Equity Funds

iShares MSCI Brazil Index Fund (“**XBZ**”)
iShares China Index Fund (“**XCH**”)
iShares MSCI Emerging Markets Index Fund (“**XEM**”)
iShares S&P CNX Nifty India Index Fund (“**XID**”)
iShares S&P Latin America 40 Index Fund (“**XLA**”)
iShares MSCI World Index Fund (“**XWD**”)

iShares International Mining Sector Funds

iShares S&P/TSX Global Base Metals Index Fund (“**XBM**”)
iShares S&P/TSX Global Gold Index Fund (“**XGD**”)

iShares Currency Hedged International Equity Funds

iShares S&P Global Healthcare Index Fund (CAD-Hedged) (“**XHC**”)
iShares MSCI EAFE® Index Fund (CAD-Hedged) (“**XIN**”)
iShares NASDAQ 100 Index Fund (CAD-Hedged) (“**XQQ**”)
iShares S&P 500 Index Fund (CAD-Hedged) (“**XSP**”)
iShares Russell 2000® Index Fund (CAD-Hedged) (“**XSU**”)
iShares S&P/TSX North American Preferred Stock Index Fund (CAD-Hedged) (“**XPF**”)

iShares Currency Hedged International Fixed Income Funds

iShares J.P. Morgan USD Emerging Markets Bond Index Fund (CAD-Hedged) (“**XEB**”)
iShares U.S. High Yield Bond Index Fund (CAD-Hedged) (“**XHY**”)
iShares U.S. IG Corporate Bond Index Fund (CAD-Hedged) (“**XIG**”)

(each, an “**iShares Fund**” and collectively, the “**iShares Funds**”).

Each iShares Fund is an exchange-traded fund established as a trust under the laws of the Province of Ontario. BlackRock Canada is the trustee, manager and portfolio adviser of the iShares Funds.

**Continuous
Distribution:**

BlackRock Canada, on behalf of the New iShares Funds, has applied to list the Units of the New iShares Funds on the TSX. The TSX has conditionally approved the listing of the Units of the New iShares Funds subject to fulfillment by the New iShares Funds of all the requirements of the TSX, including distribution of a minimum number of Units of the New iShares Funds by June 8, 2011. Once the Units are listed on the TSX, Units of the New iShares Funds will be offered on a continuous basis.

Units of the iShares Funds, other than the New iShares Funds, are listed on the TSX and offered on a continuous basis. Each Unit of an iShares Fund represents an equal beneficial interest in that iShares Fund. The iShares Funds are organized as trusts and unitholders of the iShares Funds are not shareholders of a corporation. Investors may purchase or sell Units on the TSX through a registered broker or dealer in the province or territory where the investor resides. Accordingly, investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders. Investors will incur customary brokerage commissions when buying or selling Units on the TSX. Underwriters may purchase a Prescribed Number of Units from the iShares Funds at the Net Asset Value per Unit. See “Purchase of Units – Issuance of Units”.

**Investment
Objectives and
Strategies of the
iShares Funds:**

iShares Canadian Equity Funds

The iShares Canadian Equity Funds seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable Canadian Equity Fund Index, net of expenses. The applicable Canadian Equity Fund Index for each iShares Canadian Equity Fund is identified in this prospectus under “Investment Objectives – iShares Canadian Equity Funds”. The investment strategy of each iShares Canadian Equity Fund, other than XVX, is to invest primarily in and hold the Index Securities of the applicable Canadian Equity Fund Index in substantially the same proportion as they are reflected in the applicable Canadian Equity Fund Index. See “Investment Objectives – iShares Canadian Equity Funds” and “Investment Strategies – iShares Canadian Equity Funds”.

The investment strategy of XVX is to invest primarily in a portfolio of Index Securities which make up the S&P/TSX Venture Select Index (the “**Venture Index**”), selected by BlackRock Canada from time to time, that closely matches the characteristics of the Venture Index.

An iShares Canadian Equity Fund may invest in and hold units of other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager, and/or other equity securities, provided that such holding by the iShares Canadian Equity Fund is consistent with its stated investment objective. The iShares Canadian Equity Funds may invest in futures contracts in order to provide market exposure for cash and may also hold money market instruments, securities of money market funds or cash to meet its current obligations. See “Investment Objectives – iShares Canadian Equity Funds” and “Investment Strategies – iShares Canadian Equity Funds”.

iShares Canadian Fixed Income Funds

The iShares Canadian Fixed Income Funds seek to provide income by replicating, to the extent possible, the performance of the applicable Canadian Fixed Income Fund Index, net of expenses. The applicable Canadian Fixed Income Fund Index for each iShares Canadian Fixed Income Fund is identified in this prospectus under “Investment Objectives

– iShares Canadian Fixed Income Funds”. The investment strategy of each iShares Canadian Fixed Income Fund is to invest in a regularly rebalanced portfolio of bonds, selected by BlackRock Canada from time to time, that closely matches the characteristics of the applicable Canadian Fixed Income Fund Index. An iShares Canadian Fixed Income Fund may invest in and hold units of other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager provided that such holding by the iShares Canadian Fixed Income Fund is consistent with its stated investment objective. The iShares Canadian Fixed Income Funds may invest in bond futures contracts in order to provide market exposure for cash held by such iShares Canadian Fixed Income Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations. See “Investment Objectives – iShares Canadian Fixed Income Funds” and “Investment Strategies – iShares Canadian Fixed Income Funds”.

iShares International Equity Funds

The iShares International Equity Funds seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable International Equity Fund Index, net of expenses. The applicable International Equity Fund Index for each iShares International Equity Fund is identified in this prospectus under “Investment Objectives – iShares International Equity Funds”. The investment strategy of each iShares International Equity Fund is to invest primarily in one or more U.S. iShares Funds such that the resulting portfolio will have characteristics that closely match the characteristics of the applicable International Equity Fund Index. The U.S. iShares Funds are exchange-traded funds managed by an affiliate of BlackRock Canada. An iShares International Equity Fund may also invest directly in the Index Securities of the applicable International Equity Fund Index, and/or in other equity securities, provided that such investment is consistent with its stated investment objective. The iShares International Equity Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares International Equity Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations. See “Investment Objectives – iShares International Equity Funds” and “Investment Strategies – iShares International Equity Funds”.

iShares International Mining Sector Funds

The iShares International Mining Sector Funds seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable International Mining Sector Index, net of expenses. The applicable International Mining Sector Fund Index for each iShares International Mining Sector Fund is identified in this prospectus under “Investment Objectives – iShares International Mining Sector Funds”. The investment strategy of each iShares International Mining Sector Fund is to invest primarily in and hold the Index Securities of the applicable International Mining Sector Fund Index in substantially the same proportion as they are reflected in the applicable International Mining Sector Fund Index. An iShares International Mining Sector Fund may invest in and hold units of other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager, and/or other equity securities, provided that such holding by the iShares International Mining Sector Funds is consistent with its stated investment objective. The iShares International Mining Sector Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares International Mining Sector Fund and may also hold money market instruments, securities of money market funds or cash to meet their current obligations. See “Investment Objectives – iShares International Mining Sector Funds” and “Investment Strategies – iShares International Mining Sector Funds”.

iShares Currency Hedged International Equity Funds

The iShares Currency Hedged International Equity Funds, other than XPF, seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable Hedged International Equity Fund Index, net of expenses. The applicable

Hedged International Equity Fund Index for each iShares Currency Hedged International Equity Fund is identified in this prospectus under “Investment Objectives – iShares Currency Hedged International Equity Funds”. The investment strategy of each iShares Currency Hedged International Equity Fund, other than XPF and XQQ, is to invest primarily in shares of a U.S. iShares Fund such that the resulting portfolio will have characteristics that closely match the characteristics of the applicable Hedged International Equity Fund Index and to hedge any resulting foreign currency exposure back to Canadian dollars. The U.S. iShares Funds are exchange-traded funds managed by an affiliate of BlackRock Canada.

XPF seeks to provide income by replicating, to the extent possible, the performance of the S&P/TSX North American Preferred Stock Canadian Dollar Hedged Index (the “**Preferred Index**”), net of expenses. The investment strategy of XPF is to invest in a regularly rebalanced portfolio of preferred shares, selected by BlackRock Canada from time to time, as well as one or more iShares ETFs, that in aggregate closely match the characteristics of the Preferred Index, and to hedge any resulting U.S. dollar currency exposure back to Canadian dollars. Under this “stratified sampling” strategy, XPF may not hold all of the securities that are included in the Preferred Index, but instead will hold a portfolio of securities that closely matches the characteristics of the Preferred Index.

The investment strategy of XQQ is to invest in and hold the Index Securities of the NASDAQ-100 Currency Hedged CAD Index (the “**NASDAQ Index**”) in the same proportion as they are reflected in the NASDAQ Index, and to hedge any resulting U.S. dollar currency exposure back to Canadian dollars.

The iShares Currency Hedged International Equity Funds intend to employ a currency hedging strategy that is designed to hedge their exposure to U.S. dollars or other foreign currency, as applicable, by entering into currency forward contracts and other derivative instruments with financial institutions that have an “approved credit rating” as defined in NI 81-102. An iShares Currency Hedged International Equity Fund may also invest directly in Index Securities of the applicable Hedged International Equity Fund Index, other exchange-traded funds of which BlackRock Canada or an affiliate is trustee or manager, and/or other equity securities, provided that such investment is consistent with its stated investment objective. The iShares Currency Hedged International Equity Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares Currency Hedged International Equity Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations. See “Investment Objectives – iShares Currency Hedged International Equity Funds” and “Investment Strategies – iShares Currency Hedged International Equity Funds”.

iShares Currency Hedged International Fixed Income Funds

The iShares Currency Hedged International Fixed Income Funds seek to provide income by replicating, to the extent possible, the performance of the applicable Hedged International Fixed Income Fund Index, net of expenses, and, to the extent possible, hedge any resulting U.S. dollar currency exposure back to Canadian dollars. The applicable Hedged International Fixed Income Fund Index for each iShares Currency Hedged International Fixed Income Fund is identified in this prospectus under “Investment Objectives – iShares Currency Hedged International Fixed Income Funds”. The investment strategy of each iShares Currency Hedged International Fixed Income Fund is to invest primarily in shares of a U.S. iShares Fund such that the resulting portfolio will have characteristics that closely match the characteristics of the applicable Hedged International Fixed Income Fund Index, and to hedge any resulting U.S. dollar currency exposure back to Canadian dollars. The U.S. iShares Funds are exchange-traded funds managed by an affiliate of BlackRock Canada. The iShares Currency Hedged International Fixed Income Funds intend to employ a currency hedging strategy that is designed to hedge their exposure to U.S. dollars by entering into currency forward contracts and other derivative instruments with financial institutions that have an “approved credit rating” as defined in

NI 81-102. An iShares Currency Hedged International Fixed Income Fund may also invest directly in the Index Securities of the applicable Hedged International Fixed Income Fund Index, other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager and/or in other fixed income securities, provided that such investment is consistent with its stated investment objective. The iShares Currency Hedged International Fixed Income Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares Currency Hedged International Fixed Income Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations. See “Investment Objectives – iShares Currency Hedged International Fixed Income Funds” and “Investment Strategies – iShares Currency Hedged International Fixed Income Funds”.

Risk Factors:

There are certain general risk factors inherent to an investment in the iShares Funds. These risks relate to the following factors:

- general risks of investments;
- general risks of investing in an index fund and passive investment risk;
- risks relating to index replication strategies;
- calculation of Index Levels and termination of the Indices;
- purpose of the Indices;
- risk that Units will trade at prices other than Net Asset Value per Unit;
- issuer concentration risk;
- securities lending;
- index adjustments;
- derivative investments;
- risks relating to tax changes;
- liquidity risk; and
- borrowing risk.

See “Risk Factors – General Risks Relating to an Investment in the iShares Funds”.

In addition to the general risk factors applicable to all iShares Funds, there are certain risk factors inherent to an investment in the iShares Canadian Equity Funds, as indicated in the table below:

	XCG	XCS	XCV	XDV	XEG	XEI	XEN	XFN	XIC	XIT	XIU	XMA	XMD	XRE	XST	XUT	XVX
General Risks of Equity Investments	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
TSX Venture-Listed Securities Risk																	√
Sector Risk	√		√	√	√		√	√		√		√		√	√	√	
Smaller Issuer Risk	√	√	√	√	√	√	√	√	√	√		√	√	√	√	√	√
Income Trust Investments Risks	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	
Non-Replication Strategies Risk																	√
Cease Trading of Securities Risk	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Non-Capitalization Weighted Strategy Risks				√													
Voting of Index Securities	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Absence of an Active Market for the Units and Lack of Operating History						√									√	√	√

In addition to the general risk factors applicable to all iShares Funds, there are certain risk factors inherent to an investment in the iShares Canadian Fixed Income Funds, XPF and the iShares Hedged International Fixed Income Funds, as indicated in the table below:

	XBB	XCB	XGB	XHB	XLB	XRB	XSB	XPF	XEB	XHY	XIG
General Risks of Equity Investments								√			
General Risks of Foreign Equity Investments								√			
General Risks of Preferred Share Investments								√			
General Risks of Debt Instruments	√	√	√	√	√	√	√		√	√	√
General Risks of U.S. Debt Investments									√	√	√
Currency Risk								√	√	√	√
High Yield Securities Risk				√					√	√	
Credit Risk	√	√	√	√	√	√	√		√	√	√
Call Risk	√	√		√	√		√	√	√	√	√
Currency Hedging Strategies Risk								√	√	√	√
Emerging Markets Risk									√		
Geographic Risk									√		
Indirect Investments in Certain U.S. Securities through U.S. iShares Funds Risks								√	√	√	√
Underlying Securities NAV Risk								√	√	√	√
Non-Replication Strategies Risk	√	√	√	√	√	√	√	√	√	√	√
Cease Trading of Securities Risk								√	√	√	√
Real Return Bonds Investments Risk						√					
Risk Relating to Significant Investors				√				√			
Smaller Issuer Risk	√	√		√	√		√	√	√	√	√
Absence of an Active Market for the Units and Lack of Operating History				√				√	√		

In addition to the general risk factors applicable to all iShares Funds, there are certain risk factors inherent to an investment in the iShares International Equity Funds, the iShares International Mining Sector Funds and the iShares Currency Hedged International Equity Funds (other than XPF), as indicated in the table below:

	XBZ	XCH	XEM	XID	XLA	XWD	XBM	XGD	XHC	XIN	XOQ	XSP	XSU
General Risks of Equity Investments						√	√	√	√				
General Risks of Foreign Equity Investments	√	√	√	√	√	√	√	√	√	√	√	√	√
Emerging Markets Risk	√	√	√	√	√								
India Investments and S&P Nifty 50 Index Fund Risks				√									
Brazil Investments Risks	√												
China Investments Risks		√											

	XBZ	XCH	XEM	XID	XLA	XWD	XBM	XGD	XHC	XIN	XQQ	XSP	XSU
Latin America Investments Risks					√								
Currency Risk	√	√	√	√	√	√	√	√	√	√	√	√	√
Sector Risk							√	√	√		√		
Smaller Issuer Risk	√	√	√	√	√	√	√	√	√	√	√	√	√
Geographic Risk	√	√	√	√	√								
Currency Hedging Strategies Risk									√	√	√	√	√
Underlying Securities NAV Risk	√	√	√	√	√	√			√	√		√	√
Non-Replication Strategies Risk	√	√	√	√		√			√	√			
Income Trust Investments Risks						√	√	√	√				
Cease Trading of Securities Risk	√	√	√	√	√	√	√	√	√	√	√	√	√
Voting of Index Securities	√	√	√	√	√	√	√	√	√	√	√	√	√
Absence of an Active Market for the Units and Lack of Operating History							√		√		√		

See “Risk Factors – Additional Risks Relating to an Investment in Certain iShares Funds”.

**Special
Considerations for
Unitholders:**

The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, based upon exemptive relief granted by the Canadian securities regulatory authorities, a unitholder may acquire more than 20% of the Units of any iShares Fund through purchases on the TSX without regard to the takeover bid requirements of applicable securities legislation, provided that such unitholder, as well as any person acting jointly or in concert with the unitholder, undertakes to BlackRock Canada not to vote more than 20% of the Units of that iShares Fund.

Market participants are permitted to sell Units of any iShares Fund short and at any price without regard to the restrictions of the Universal Market Integrity Rules adopted by Canadian securities regulatory authorities that generally prohibit selling securities short unless the price is at or above the last sale price.

Units of the iShares Funds are index participation units within the meaning of NI 81-102. Accordingly, mutual funds may purchase Units of the iShares Funds without regard to the control, concentration or “fund of funds” restrictions of NI 81-102.

Units of the iShares Funds are “mark-to-market property” for purposes of the “mark-to-market” rules in the Tax Act. These rules require taxpayers that are financial institutions within the meaning of the rules to recognize annually, on income account, any accrued gains and losses on securities that are “mark-to-market property”.

See “Purchase of Units – Buying and Selling Units – Special Considerations for Unitholders” and “Exemptions and Approvals”.

Exchange:

Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) on any Trading Day for Baskets and cash, subject to the requirement that a minimum Prescribed Number of Units be exchanged. See “Exchange and Redemption of Units – Exchange of Units at Net Asset Value per Unit for Baskets and Cash”.

Redemption:

Unitholders may redeem Units of any iShares Fund for cash at a redemption price per Unit

equal to 95% of the closing price for the applicable Units on the TSX on the effective day of the redemption. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a unitholder to BlackRock Canada or the iShares Funds in connection with selling Units on the TSX. See “Exchange and Redemption of Units – Redemption of Units for Cash”.

Distribution Policy: On an annual basis, each iShares Fund will ensure that the net income and net realized capital gains of the iShares Fund have been distributed to unitholders to such an extent that the iShares Fund will not be liable for ordinary income tax thereon. To the extent that any iShares Fund has not distributed the full amount of its net income or net capital gains in cash in any year, the difference between such amount and the amount actually distributed by the iShares Fund in cash will be paid as a “reinvested distribution”. Reinvested distributions will be reinvested automatically in additional Units of the applicable iShares Fund at a price equal to the Net Asset Value per Unit of the applicable iShares Fund and the Units of that iShares Fund will be immediately consolidated such that the number of outstanding Units of the applicable iShares Fund following the distribution will equal the number of Units of the applicable iShares Fund outstanding prior to the distribution.

For the expected frequency and composition of distributions of the iShares Funds, see “Distribution Policy”.

Termination: The iShares Funds do not have a fixed termination date but may be terminated by BlackRock Canada on not less than 60 days’ and not more than 90 days’ notice to unitholders. See “Termination of the iShares Funds”.

Eligibility for Investment: Provided that the Units of the iShares Funds are or continue to be listed on the TSX or that the iShares Funds qualify or continue to qualify as mutual fund trusts under the Tax Act or are registered investments under the Tax Act, the Units will be qualified investments under the Tax Act for Registered Plans. In the opinion of counsel, the Units will qualify as “marketable securities” as that term is used in the Tax Act provided that the Units are or continue to be listed on the TSX. See “Income Tax Considerations – Status of the iShares Funds”.

Non-Resident Unitholders: In order for an iShares Fund to maintain its status as a mutual fund trust (for the purposes of the Tax Act), in certain circumstances, the iShares Fund cannot be established or maintained primarily for the benefit of non-residents of Canada. No iShares Fund will accept any subscription for Units from any person, issue any Units to any person or register or otherwise recognize the transfer of any Units to any person if, after giving effect thereto, the percentage of Units beneficially owned, directly or indirectly, by persons who are non-residents of Canada would be within 5% of, or would be otherwise approaching (as determined by BlackRock Canada), the limit permitted under the Tax Act, as amended from time to time. The Master Declaration of Trust of the iShares Funds includes a mechanism to permit the iShares Funds to sell Units held by non-resident persons when their holdings result in contravention of this restriction.

Organization and Management of the iShares Funds: *Trustee, Manager and Portfolio Adviser*
BlackRock Canada is the trustee, manager and portfolio adviser of the iShares Funds. The address of the iShares Funds is 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario M5J 2S1.

See “Organization and Management Details of the iShares Funds – Trustee, Manager and

Portfolio Adviser”.

Sub-Adviser

BlackRock Institutional Trust Company, N.A. (“**BTC**”), a national banking association organized under the laws of the United States, is the sub-adviser of the iShares Funds and is responsible for their respective investment activities, subject to the policies, control and supervision of BlackRock Canada. BTC’s principal office is located in San Francisco, California. See “Organization and Management Details of the iShares Funds – Sub-Adviser”.

Custodian

State Street Trust Company Canada (“**SSTCC**”) is the custodian of the iShares Funds pursuant to a service module (the “**Custody Agreement**”) between BlackRock Canada, in its capacity as investment adviser and trustee of the iShares Funds, and SSTCC dated as of December 19, 2008, as amended from time to time. SSTCC’s principal office is located in Toronto, Ontario. See “Organization and Management Details of the iShares Funds – Custodian”.

SSTCC has appointed BTC, BRAL and SSBT as subcustodians pursuant to subcustodial agreements entered into by SSTCC or its predecessor company, IBT Trust Company (Canada). See “Organization and Management Details of the iShares Funds – Custodian”.

Registrar and Transfer Agent

The registrar and transfer agent for the Units is Computershare Investor Services Inc. (“**Computershare**”) at its principal offices in Toronto, Ontario. See “Organization and Management Details of the iShares Funds – Registrar and Transfer Agent”.

Auditor

The auditor of the iShares Funds is PricewaterhouseCoopers LLP, at its principal offices in Toronto, Ontario. See “Organization and Management Details of the iShares Funds – Auditor”.

**Documents
Incorporated by
Reference:**

During the period in which the iShares Funds are in continuous distribution, additional information will be available in the most recently filed comparative annual financial statements, any interim financial statements filed after the most recent annual financial statements, the most recently filed annual MRFP and any interim MRFP filed after the annual MRFP of each iShares Fund. These documents are or will be incorporated by reference into, and form an integral part of, this prospectus. These documents are publicly available on the iShares Funds web site at www.ishares.ca and may be obtained upon request, at no cost, by calling 1-866-474-2737 or by contacting a registered dealer. These documents and other information about the iShares Funds are publicly available at www.sedar.com. See “Documents Incorporated by Reference”.

SUMMARY OF FEES AND EXPENSES

The table below lists the fees and expenses payable by the iShares Funds. The value of a unitholder's investment in an iShares Fund will be reduced by the amount of fees and expenses charged to such iShares Fund. See "Fees and Expenses".

Fees and Expenses Payable by the iShares Funds

BlackRock Canada is entitled to receive a fee for acting as trustee, manager and portfolio adviser of the iShares Funds (the "**management fee**"). The fee is based on a percentage of the Net Asset Value of each of the following iShares Funds and is listed below:

<u>Fund</u>	<u>Annual Management Fee⁽¹⁾</u>
<i>iShares Canadian Equity Funds</i>	
XCG	0.50%
XCS	0.55%
XCV	0.50%
XDV	0.50%
XEG	0.55%
XEI	0.55%
XEN	0.50%
XFN	0.55%
XIC	0.25%
XIT	0.55%
XIU	0.15% ⁽²⁾
XMA	0.55%
XMD	0.55%
XRE	0.55%
XST	0.55%
XUT	0.55%
XVX	0.79%
<i>iShares Canadian Fixed Income Funds</i>	
XBB	0.30%
XCB	0.40%
XGB	0.35%
XLB	0.35%
XRb	0.35%
XSB	0.25%
XHB	0.45%
<i>iShares International Equity Funds</i>	
XBZ	0.75% ⁽³⁾
XCH	0.85% ⁽³⁾
XEM	up to 0.82% ⁽⁴⁾
XID	0.98% ⁽³⁾
XLA	0.65% ⁽³⁾
XWD	0.45% ⁽³⁾
<i>iShares International Mining Sector Funds</i>	
XBM	0.55%
XGD	0.55%
<i>iShares Currency Hedged International Equity Funds</i>	

XHC	0.63% ⁽³⁾
XIN	up to 0.50% ⁽⁵⁾
XQQ	0.35%
XSP	up to 0.24% ⁽⁶⁾
XSU	up to 0.35% ⁽⁷⁾
XPF	0.45% ⁽³⁾

***iShares Currency Hedged International
Fixed Income Funds***

XEB	0.72% ⁽³⁾
XHY	0.60% ⁽³⁾
XIG	0.30% ⁽³⁾

- (1) The management fee for each iShares Fund listed above is calculated and accrued daily and generally paid monthly, but in any case not less than quarterly. The management fee is exclusive of applicable GST/HST.
- (2) BlackRock Canada has agreed to be responsible for certain fees and expenses of XIU in excess of 0.17% per year of the average daily Net Asset Value of XIU (the “**expense ceiling**”).
- (3) In addition to the management fee, BlackRock Canada or an affiliate is entitled to receive a fee for acting as trustee or manager of each iShares ETF in which this iShares Fund will invest (an “**underlying product fee**” and together with the management fee, the “**total annual fee**”). As the underlying product fees are embedded in the market value of the iShares ETFs in which this iShares Fund invests, the underlying product fees are paid indirectly by this iShares Fund. BlackRock Canada will adjust the management fee payable to it by this iShares Fund to ensure that the total annual fees paid directly or indirectly to BlackRock Canada and its affiliates by this iShares Fund will not exceed the percentage of the Net Asset Value set out in this table. The underlying product fees paid indirectly by this iShares Fund are calculated and accrued daily and are paid not less than annually.
- (4) This fee is the sum of (i) a fee of up to 0.75% per year (as of the date of this prospectus, 0.68%) paid by the U.S. Shares Fund in which XEM invests to an affiliate of BlackRock Canada and (ii) a fee of up to 0.10% per year (as of the date of this prospectus, 0.10%) paid by XEM to BlackRock Canada. BlackRock Canada will adjust the fee payable to it by XEM to ensure that the annual management fee paid directly or indirectly to BlackRock Canada and its affiliates by XEM will not exceed 0.82%.
- (5) This fee is the sum of (i) up to a maximum of 0.35% per year paid by the U.S. iShares Fund in which XIN invests to an affiliate of BlackRock Canada (the “**XIN Underlying Management Fee**”) and (ii) a fee of 0.15% per year paid by XIN to BlackRock Canada. The XIN Underlying Management Fee fluctuates based on the net asset value of the U.S. iShares Fund and is paid indirectly by XIN.
- (6) This fee is the sum of (i) up to a maximum of 0.09% per year paid by the U.S. iShares Fund in which XSP invests to an affiliate of BlackRock Canada (the “**XSP Underlying Management Fee**”) and (ii) a fee of 0.15% per year paid by XSP to BlackRock Canada. The XSP Underlying Management Fee fluctuates based on the net asset value of the U.S. iShares Fund and is paid indirectly by XSP.
- (7) This fee is the sum of (i) up to a maximum of 0.20% per year paid by the U.S. iShares Fund in which XSU invests to an affiliate of BlackRock Canada (the “**XSU Underlying Management Fee**”) and (ii) a fee of 0.15% per year paid by XSU to BlackRock Canada. The XSU Underlying Management Fee fluctuates based on the net asset value of the U.S. iShares Fund and is paid indirectly by XSU.

The iShares Funds, including XIU, are also responsible for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the independent review committee (the “**IRC**”), brokerage expenses and commissions, income tax, GST, HST, withholding and other taxes. See “Harmonized Sales Tax”.

XIU is also responsible for additional fees and expenses but such fees and expenses are subject to the expense ceiling. See “Fees and Expenses payable by BlackRock Canada”.

Fees and Expenses Payable by BlackRock Canada

For all iShares Funds, except XIU, BlackRock Canada is responsible for each of the iShares Fund’s fees and expenses except the fees and expenses payable by the iShares Fund described under “Fees and Expenses Payable by the iShares Funds”. The fees and expenses for which BlackRock Canada is responsible include the fees payable to

the sub-adviser, custodian, registrar and transfer agent and other service providers retained by BlackRock Canada as described under “Organization and Management Details of the iShares Funds – Duties and Services to be Provided by BlackRock Canada”.

XIU is responsible for all fees and expenses of XIU, including the management fee, any fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, brokerage expenses and commissions, registrar and transfer agency fees, securities movement charges payable to XIU’s custodian, legal and audit fees, the preparation, printing, filing and distribution of prospectuses, financial statements, MRFPs, proxy voting reports, press releases, material change reports, annual reports, and annual filing fees payable to Canadian securities regulatory authorities relating to the issuance of Units of XIU, income tax, GST, HST, withholding and other taxes. BlackRock Canada has agreed to be responsible for the fees and expenses of XIU in excess of 0.17% per year of the average daily Net Asset Value of XIU, except for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, income tax, GST, HST, withholding and other taxes.

BlackRock Canada may agree to charge a reduced management fee or total annual fee, as applicable, as compared to the fee that BlackRock Canada would otherwise be entitled to receive from the iShares Funds with respect to large investments in the iShares Funds by unitholders. In such cases, an amount equal to the difference between the management fee or total annual fee, as applicable, otherwise chargeable and the reduced fee will be distributed to the applicable unitholders as Management Fee Distributions. See “Fees and Expenses – Management Distributions”.

Harmonized Sales Tax

The province of Ontario and the province of British Columbia harmonized their provincial sales tax with the GST effective July 1, 2010, resulting in an HST of 13% (Ontario) or 12% (British Columbia), rather than the 5% GST, being payable in those provinces. It is possible that other provinces (that do not already have an HST) may also decide to adopt an HST. Effective July 1, 2010, certain fees and expenses such as management fees and other expenses payable by an iShares Fund that are subject to GST became subject to the new HST.

Annual Returns and Management Expense Ratio

The indicated rates of return below are the historical total returns including changes in unit values and assumes reinvestment of cash distribution as set out below. The reinvestment of distributions increases returns. These returns do not take into account customary brokerage expenses or commissions incurred by unitholders when buying or selling Units on the TSX, administrative fees or income taxes payable by any unitholder that would have reduced returns. Data is provided only for full calendar years in which an iShares Fund was in distribution.

- (1) “MER” means management expense ratio and is based on total fees and expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period. Blackrock Canada, while not responsible for any taxes, had been paying the GST from its management fee for all iShares Funds except XIU, XBZ, XCH, XID, XLA, XHY, XIG, XPF and XHB. It ceased to do this on July 1, 2010. See “Fees and Expenses Payable by BlackRock Canada” and “Harmonized Sales Tax”.
- (2) Assumes reinvestment of all cash distributions during the period in additional Units at the Net Asset Value per Unit at the time of distribution.
- (3) Returns at market price based on the TSX closing price. Assumes reinvestment of all cash distributions during the period in additional Units at the market price per Unit at the time of distribution.

<u>XBB</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.32%	0.30%	0.30%	0.30%	0.30%
MER before absorptions ⁽¹⁾	0.32%	0.32%	0.32%	0.32%	0.32%
Annual return at Net Asset Value ⁽²⁾	6.36%	4.98%	6.13%	3.29%	3.80%
Annual return at market price ⁽³⁾	6.14%	5.18%	6.22%	3.43%	3.19%

<u>XBZ</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	N/A	N/A	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	N/A	N/A	N/A	N/A	N/A
Annual return at market price ⁽³⁾	N/A	N/A	N/A	N/A	N/A

<u>XCB</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.42%	0.40%	0.40%	0.40%	N/A
MER before absorptions ⁽¹⁾	0.43%	0.42%	0.42%	0.43%	N/A
Annual return at Net Asset Value ⁽²⁾	6.58%	15.10%	-0.62%	1.18%	N/A
Annual return at market price ⁽³⁾	6.37%	14.52%	0.08%	1.12%	N/A

<u>XCG</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.52%	0.50%	0.50%	0.50%	N/A
MER before absorptions ⁽¹⁾	0.54%	0.52%	0.53%	0.53%	N/A
Annual return at Net Asset Value ⁽²⁾	18.65%	22.17%	-29.34%	21.42%	N/A
Annual return at market price ⁽³⁾	18.46%	22.50%	-29.79%	21.24%	N/A

<u>XCH</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	N/A	N/A	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	N/A	N/A	N/A	N/A	N/A
Annual return at market price ⁽³⁾	N/A	N/A	N/A	N/A	N/A

<u>XCS</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.58%	0.55%	0.55%	N/A	N/A
MER before absorptions ⁽¹⁾	0.59%	0.58%	0.58%	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	34.37%	61.13%	-45.28%	N/A	N/A
Annual return at market price ⁽³⁾	35.62%	58.30%	-43.89%	N/A	N/A

<u>XCV</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.52%	0.50%	0.50%	0.50%	N/A
MER before absorptions ⁽¹⁾	0.54%	0.53%	0.53%	0.53%	N/A
Annual return at Net Asset Value ⁽²⁾	16.01%	43.81%	-33.94%	5.80%	N/A
Annual return at market price ⁽³⁾	16.10%	43.94%	-34.00%	5.31%	N/A

<u>XDV</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.53%	0.50%	0.50%	0.50%	0.50%
MER before absorptions ⁽¹⁾	0.54%	0.52%	0.53%	0.53%	0.53%
Annual return at Net Asset Value ⁽²⁾	12.82%	36.90%	-30.84%	-0.78%	15.53%
Annual return at market price ⁽³⁾	12.69%	37.45%	-31.15%	-1.15%	15.61%

<u>XEG</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.57%	0.55%	0.55%	0.55%	0.55%
MER before absorptions ⁽¹⁾	0.59%	0.58%	0.58%	0.58%	0.59%
Annual return at Net Asset Value ⁽²⁾	11.02%	40.42%	-35.85%	10.58%	3.72%
Annual return at market price ⁽³⁾	11.12%	40.26%	-35.89%	10.77%	3.85%

<u>XEM</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.79%	N/A	N/A	N/A	N/A
MER before absorptions ⁽¹⁾	0.79%	N/A	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	10.02%	N/A	N/A	N/A	N/A
Annual return at market price ⁽³⁾	10.21%	N/A	N/A	N/A	N/A

<u>XEN</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.53%	0.50%	0.50%	N/A	N/A
MER before absorptions ⁽¹⁾	0.54%	0.53%	0.53%	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	11.32%	38.98%	-35.52%	N/A	N/A
Annual return at market price ⁽³⁾	11.03%	39.31%	-35.34%	N/A	N/A

<u>XFN</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.58%	0.55%	0.55%	0.55%	0.55%
MER before absorptions ⁽¹⁾	0.59%	0.58%	0.58%	0.58%	0.59%
Annual return at Net Asset Value ⁽²⁾	7.87%	44.40%	-35.77%	-1.28%	17.54%
Annual return at market price ⁽³⁾	7.91%	44.47%	-35.99%	-1.45%	17.78%

<u>XGB</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.37%	0.35%	0.35%	0.35%	N/A
MER before absorptions ⁽¹⁾	0.38%	0.37%	0.37%	0.37%	N/A
Annual return at Net Asset Value ⁽²⁾	6.05%	1.22%	8.70%	4.07%	N/A
Annual return at market price ⁽³⁾	5.87%	0.88%	8.92%	3.89%	N/A

<u>XGD</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.57%	0.55%	0.55%	0.55%	0.55%
MER before absorptions ⁽¹⁾	0.59%	0.58%	0.58%	0.58%	0.59%
Annual return at Net Asset Value ⁽²⁾	26.02%	7.04%	1.04%	-4.48%	28.95%
Annual return at market price ⁽³⁾	26.01%	7.83%	0.38%	-4.77%	29.06%

<u>XHB</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	N/A	N/A	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	N/A	N/A	N/A	N/A	N/A
Annual return at market price ⁽³⁾	N/A	N/A	N/A	N/A	N/A

<u>XHY</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	N/A	N/A	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	N/A	N/A	N/A	N/A	N/A
Annual return at market price ⁽³⁾	N/A	N/A	N/A	N/A	N/A

<u>XIC</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.26%	0.25%	0.25%	0.25%	0.25%
MER before absorptions ⁽¹⁾	0.27%	0.26%	0.27%	0.27%	0.27%
Annual return at Net Asset Value ⁽²⁾	17.26%	34.46%	-32.95%	9.53%	16.96%
Annual return at market price ⁽³⁾	17.44%	34.55%	-33.34%	9.55%	17.05%

<u>XID</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	N/A	N/A	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	N/A	N/A	N/A	N/A	N/A
Annual return at market price ⁽³⁾	N/A	N/A	N/A	N/A	N/A

<u>XIG</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	N/A	N/A	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	N/A	N/A	N/A	N/A	N/A
Annual return at market price ⁽³⁾	N/A	N/A	N/A	N/A	N/A

<u>XIN</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.50%	0.49%	0.50%	0.50%	0.50%
MER before absorptions ⁽¹⁾	0.51%	0.50%	0.51%	0.50%	0.51%
Annual return at Net Asset Value ⁽²⁾	4.59%	18.11%	-40.58%	1.93%	16.75%
Annual return at market price ⁽³⁾	5.19%	17.88%	-40.90%	2.19%	16.48%

<u>XIT</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.57%	0.55%	0.55%	0.55%	0.55%
MER before absorptions ⁽¹⁾	0.59%	0.58%	0.58%	0.58%	0.59%
Annual return at Net Asset Value ⁽²⁾	4.12%	52.45%	-49.14%	10.68%	22.89%
Annual return at market price ⁽³⁾	4.49%	53.78%	-49.73%	10.43%	23.92%

<u>XIU</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.17%	0.17%	0.17%	0.17%	0.17%
Annual return at Net Asset Value ⁽²⁾	13.60%	31.50%	-31.08%	10.91%	18.89%
Annual return at market price ⁽³⁾	13.85%	31.31%	-31.09%	10.83%	19.09%

<u>XLA</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	N/A	N/A	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	N/A	N/A	N/A	N/A	N/A
Annual return at market price ⁽³⁾	N/A	N/A	N/A	N/A	N/A

<u>XLB</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.37%	0.35%	0.35%	0.35%	N/A
MER before absorptions ⁽¹⁾	0.38%	0.37%	0.37%	0.37%	N/A
Annual return at Net Asset Value ⁽²⁾	12.10%	5.31%	2.15%	2.89%	N/A
Annual return at market price ⁽³⁾	11.95%	5.77%	1.92%	2.73%	N/A

<u>XMA</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.57%	0.55%	0.55%	0.55%	0.55%
MER before absorptions ⁽¹⁾	0.59%	0.58%	0.58%	0.58%	0.58%
Annual return at Net Asset Value ⁽²⁾	35.77%	33.49%	-26.82%	29.51%	38.99%
Annual return at market price ⁽³⁾	36.07%	34.15%	-27.34%	29.50%	38.71%

<u>XMD</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.58%	0.55%	0.55%	0.55%	0.55%
MER before absorptions ⁽¹⁾	0.59%	0.58%	0.58%	0.59%	0.59%
Annual return at Net Asset Value ⁽²⁾	29.48%	46.53%	-38.70%	5.25%	13.13%
Annual return at market price ⁽³⁾	30.22%	45.95%	-38.77%	5.14%	13.64%

<u>XPF</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	N/A	N/A	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	N/A	N/A	N/A	N/A	N/A
Annual return at market price ⁽³⁾	N/A	N/A	N/A	N/A	N/A

<u>XRB</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.37%	0.35%	0.35%	0.35%	0.35%
MER before absorptions ⁽¹⁾	0.38%	0.37%	0.37%	0.37%	0.37%
Annual return at Net Asset Value ⁽²⁾	10.64%	14.13%	0.01%	1.23%	-3.11%
Annual return at market price ⁽³⁾	10.53%	14.29%	-0.11%	1.80%	-3.68%

<u>XRE</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.58%	0.55%	0.55%	0.55%	0.55%
MER before absorptions ⁽¹⁾	0.59%	0.58%	0.58%	0.58%	0.59%
Annual return at Net Asset Value ⁽²⁾	21.89%	53.50%	-38.11%	-5.97%	23.75%
Annual return at market price ⁽³⁾	22.45%	51.59%	-37.77%	-5.18%	23.73%

<u>XSB</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.26%	0.25%	0.25%	0.25%	0.25%
MER before absorptions ⁽¹⁾	0.27%	0.26%	0.27%	0.27%	0.27%
Annual return at Net Asset Value ⁽²⁾	3.22%	4.34%	8.03%	3.75%	3.80%
Annual return at market price ⁽³⁾	3.29%	4.42%	7.85%	3.72%	3.80%

<u>XSP</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.25%	0.24%	0.24%	0.24%	0.24%
MER before absorptions ⁽¹⁾	0.25%	0.24%	0.26%	0.26%	0.25%
Annual return at Net Asset Value ⁽²⁾	13.47%	22.95%	-40.33%	3.21%	14.30%
Annual return at market price ⁽³⁾	13.91%	22.92%	-40.36%	2.98%	14.06%

<u>XSU</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.35%	0.35%	0.35%	N/A	N/A
MER before absorptions ⁽¹⁾	0.36%	0.35%	0.36%	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	25.14%	24.49%	-38.76%	N/A	N/A
Annual return at market price ⁽³⁾	24.47%	22.85%	-37.69%	N/A	N/A

<u>XWD</u>	2010	2009	2008	2007	2006
MER ⁽¹⁾	0.46%	N/A	N/A	N/A	N/A
MER before absorptions ⁽¹⁾	0.47%	N/A	N/A	N/A	N/A
Annual return at Net Asset Value ⁽²⁾	5.70%	N/A	N/A	N/A	N/A
Annual return at market price ⁽³⁾	5.54%	N/A	N/A	N/A	N/A

OVERVIEW OF THE LEGAL STRUCTURE OF THE iSHARES FUNDS

Each of the iShares Funds is an exchange-traded fund established as a trust under the laws of the Province of Ontario pursuant to a master declaration of trust amended and restated as of April 6, 2011 governing the iShares Funds, as may be amended and/or restated from time to time (the “**Master Declaration of Trust**”).

The principal office of the iShares Funds is 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario M5J 2S1.

While each iShares Fund is a mutual fund under the securities legislation of certain provinces and territories of Canada, it has been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See “Exemptions and Approvals”.

The full legal name of each iShares Fund, as well as its TSX ticker symbol and former name (if any), is set out below:

Legal Name of iShares Fund	TSX Ticker Symbol	Former Name of iShares Fund
iShares DEX Universe Bond Index Fund	XBB	iShares CDN DEX Universe Bond Index Fund prior to April 14, 2010
iShares S&P/TSX Global Base Metals Index Fund	XBM	N/A
iShares MSCI Brazil Index Fund	XBZ	N/A
iShares DEX All Corporate Bond Index Fund	XCB	iShares CDN DEX All Corporate Bond Index Fund prior to April 14, 2010
iShares Dow Jones Canada Select Growth Index Fund	XCG	iShares CDN Dow Jones Canada Select Growth Index Fund prior to April 14, 2010
iShares China Index Fund	XCH	N/A
iShares S&P®/TSX® SmallCap Index Fund	XCS	iShares CDN S&P/TSX SmallCap Index Fund prior to April 14, 2010
iShares Dow Jones Canada Select Value Index Fund	XCV	iShares CDN Dow Jones Canada Select Value Index Fund prior to April 14, 2010
iShares Dow Jones Canada Select Dividend Index Fund	XDV	iShares CDN Dow Jones Canada Select Dividend Index Fund prior to April 14, 2010
iShares J.P. Morgan USD Emerging Markets Bond Index Fund (CAD-Hedged)	XEB	N/A
iShares S&P/TSX Capped Energy Index Fund	XEG	iShares CDN S&P/TSX Capped Energy Index Fund prior to April 14, 2010
iShares S&P/TSX Equity Income Index Fund	XEI	N/A
iShares MSCI Emerging Markets Index Fund	XEM	iShares CDN MSCI Emerging Markets Index Fund prior to April 14, 2010
iShares Jantzi Social Index Fund	XEN	iShares CDN Jantzi Social Index Fund prior to April 14, 2010

Legal Name of iShares Fund	TSX Ticker Symbol	Former Name of iShares Fund
iShares S&P/TSX Capped Financials Index Fund	XFN	iShares CDN S&P/TSX Capped Financials Index Fund prior to April 14, 2010
iShares DEX All Government Bond Index Fund	XGB	iShares CDN DEX All Government Bond Index Fund prior to April 14, 2010
iShares S&P/TSX Global Gold Index Fund	XGD	iShares CDN S&P/TSX Global Gold Index Fund prior to April 14, 2010
iShares DEX HYBrid Bond Index Fund	XHB	N/A
iShares S&P Global Healthcare Index Fund (CAD-Hedged)	XHC	N/A
iShares U.S. High Yield Bond Index Fund (CAD-Hedged)	XHY	N/A
iShares S&P/TSX Capped Composite Index Fund	XIC	iShares CDN S&P/TSX Capped Composite Index Fund prior to April 14, 2010
iShares S&P CNX Nifty India Index Fund	XID	N/A
iShares U.S. IG Corporate Bond Index Fund (CAD-Hedged)	XIG	N/A
iShares MSCI EAFE® Index Fund (CAD-Hedged)	XIN	iShares CDN MSCI EAFE 100% Hedged to CAD Dollars Index Fund prior to April 14, 2010
iShares S&P/TSX Capped Information Technology Index Fund	XIT	iShares CDN S&P/TSX Capped Information Technology Index Fund prior to April 14, 2010
iShares S&P/TSX 60 Index Fund	XIU	iShares CDN S&P®/TSX® 60 Index Fund prior to April 14, 2010
iShares S&P Latin America 40 Index Fund	XLA	N/A
iShares DEX Long Term Bond Index Fund	XLB	iShares CDN DEX Long Term Bond Index Fund prior to April 14, 2010
iShares S&P/TSX Capped Materials Index Fund	XMA	iShares CDN S&P/TSX Capped Materials Index Fund prior to April 14, 2010
iShares S&P/TSX Completion Index Fund	XMD	iShares CDN S&P/TSX Completion Index Fund prior to April 14, 2010
iShares S&P/TSX North American Preferred Stock Index Fund (CAD-Hedged)	XPf	N/A
iShares NASDAQ 100 Index Fund (CAD-Hedged)	XQQ	N/A
iShares DEX Real Return Bond Index Fund	XRB	iShares CDN DEX Real Return Bond Index Fund prior to April 14, 2010
iShares S&P/TSX Capped REIT Index Fund	XRE	iShares CDN S&P/TSX Capped REIT Index Fund prior to April 14, 2010
iShares DEX Short Term Bond Index Fund	XSB	iShares CDN DEX Short Term Bond Index Fund prior to April 14, 2010

Legal Name of iShares Fund	TSX Ticker Symbol	Former Name of iShares Fund
iShares S&P 500 Index Fund (CAD-Hedged)	XSP	iShares CDN S&P 500 Hedged to Canadian Dollars Index Fund prior to April 14, 2010
iShares S&P/TSX Capped Consumer Staples Index Fund	XST	N/A
iShares Russell 2000® Index Fund (CAD-Hedged)	XSU	iShares CDN Russell 2000® Index – Canadian Dollar Hedged Index Fund prior to April 14, 2010
iShares S&P/TSX Capped Utilities Index Fund	XUT	N/A
iShares S&P/TSX Venture Index Fund	XVX	N/A
iShares MSCI World Index Fund	XWD	iShares CDN MSCI World Index Fund prior to April 14, 2010

INVESTMENT OBJECTIVES

The investment objectives of the iShares Funds are as follows:

iShares Canadian Equity Funds

The iShares Canadian Equity Funds seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable Canadian Equity Fund Index, net of expenses.

The table below sets out the applicable Canadian Equity Fund Index for each of the iShares Canadian Equity Funds. S&P is the Index Provider of the Canadian Equity Fund Indices for the iShares S&P/TSX Canadian Equity Funds, Dow Jones is the Index Provider of the Dow Jones Canadian Equity Fund Indices and Jantzi is the Index Provider of the Jantzi Social Index. See “Overview of What the iShares Funds Invest In – Use of the Indices”.

iShares Fund	Canadian Equity Fund Index
XCG	Dow Jones Canada Select Growth Index
XCS	S&P/TSX SmallCap Index
XCV	Dow Jones Canada Select Value Index
XDV	Dow Jones Canada Select Dividend Index
XEG	S&P/TSX Capped Energy Index
XEI	S&P/TSX Equity Income Index
XEN	Jantzi Social Index
XFN	S&P/TSX Capped Financials Index
XIC	S&P/TSX Capped Composite Index
XIT	S&P/TSX Capped Information Technology Index
XIU	S&P/TSX 60 Index
XMA	S&P/TSX Capped Materials Index
XMD	S&P/TSX Completion Index
XRE	S&P/TSX Capped REIT Index
XST	S&P/TSX Capped Consumer Staples Index
XUT	S&P/TSX Capped Utilities Index
XVX	S&P/TSX Venture Select Index

iShares Canadian Fixed Income Funds

The iShares Canadian Fixed Income Funds seek to provide income by replicating, to the extent possible, the performance of the applicable Canadian Fixed Income Fund Index, net of expenses. The table below sets out the applicable Canadian Fixed Income Fund Index for each of the iShares Canadian Fixed Income Funds. PC-Bond is the Index Provider of all the Canadian Fixed Income Indices. See “Overview of What the iShares Funds Invest In – Use of the Indices”.

iShares Fund	Canadian Fixed Income Fund Index
XBB	DEX Universe Bond Index
XCB	DEX All Corporate Bond Index
XGB	DEX All Government Bond Index
XHB	DEX HYBRID Bond Index
XLB	DEX Long Term Bond Index
XRБ	DEX Real Return Bond Index
XSB	DEX Short Term Bond Index

iShares International Equity Funds

The iShares International Equity Funds seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable International Equity Fund Index, net of expenses. The table below sets out the applicable International Equity Fund Index for each of the iShares International Equity Funds. MSCI is the Index Provider of the MSCI Brazil Index, MSCI Emerging Markets Index and MSCI World Index; FTSE is the Index Provider of the FTSE China 25 Index; IISL is the Index Provider of the S&P CNX Nifty Index; and S&P is the Index Provider of the S&P Latin America 40 Index. See “Overview of What the iShares Funds Invest In – Use of the Indices”.

iShares Fund	International Equity Fund Index
XBZ	MSCI Brazil Index
XCH	FTSE China 25 Index ⁽¹⁾
XEM	MSCI Emerging Markets Index
XID	S&P CNX Nifty Index
XLA	S&P Latin America 40 Index
XWD	MSCI World Index

- ⁽¹⁾ XCH seeks to provide long-term capital growth by replicating, to the extent possible, the performance of an Index which is a diversified representation of the Chinese equity market, net of expenses. Currently, XCH seeks to replicate the performance of the FTSE China 25 Index. BlackRock Canada may, in its discretion and without unitholder approval, change the FTSE China 25 Index to another widely recognized, diversified and representative Chinese equity market index in order to provide unitholders with exposure to the Chinese equity market. If BlackRock Canada changes the FTSE China 25 Index, or any index replacing such Index, BlackRock Canada will issue a press release identifying the new index.

iShares International Mining Sector Funds

The iShares International Mining Sector Funds seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable International Mining Sector Index, net of expenses. S&P is the Index Provider of all the International Mining Sector Indices. See “Overview of What the iShares Funds Invest In – Use of the Indices”.

iShares Fund	Index
XBM	S&P/TSX Global Base Metals Index
XGD	S&P/TSX Global Gold Index

iShares Currency Hedged International Equity Funds

The iShares Currency Hedged International Equity Funds, other than XPF, seek to provide long-term capital growth by replicating, to the extent possible, the performance of the applicable Hedged International Equity Fund Index, net of expenses. XPF seeks to provide income by replicating, to the extent possible, the performance of the Preferred Index, net of expenses. The table below sets out the applicable Hedged International Equity Fund Index for each of the iShares Currency Hedged International Equity Funds. MSCI is the Index Provider of the MSCI EAFE 100% Hedged to CAD Dollars Index, S&P is the Index Provider of the S&P Global Healthcare Sector Canadian Dollar Hedged Index, S&P 500 Hedged to Canadian Dollars Index and the S&P/TSX North American Preferred Stock Canadian Dollar Hedged Index, NASDAQ is the Index Provider of the NASDAQ-100 Currency Hedged CAD Index, and FRC is the Index Provider of the Russell 2000® Index – Canadian Dollar Hedged. See “Overview of What the iShares Funds Invest In – Use of the Indices”.

iShares Fund	Hedged International Equity Fund Index
XHC	S&P Global 1200 Health Care Canadian Dollar Hedged Index
XIN	MSCI EAFE 100% Hedged to CAD Dollars Index
XQQ	NASDAQ-100 Currency Hedged CAD Index
XSP	S&P 500 Hedged to Canadian Dollars Index
XSU	Russell 2000® Index – Canadian Dollar Hedged
XPF	S&P/TSX North American Preferred Stock Canadian Dollar Hedged Index

iShares Currency Hedged International Fixed Income Funds

The iShares Currency Hedged International Fixed Income Funds seek to provide income by replicating, to the extent possible, the performance of the applicable Hedged International Fixed Income Fund Index, net of expenses, and, to the extent possible, hedge any resulting U.S. dollar currency exposure back to Canadian dollars. The table below sets out the current Hedged International Fixed Income Fund Index for each of the iShares Currency Hedged International Fixed Income Funds. IICL is the Index Provider of the Markit iBoxx USD Liquid Investment Grade Index and the Markit iBoxx USD High Yield Index and J.P. Morgan is the Index Provider of the J.P. Morgan EMBI Global Core Hedged in CAD Index. See “Overview of What the iShares Funds Invest In – Use of the Indices”.

iShares Fund	Hedged International Fixed Income Fund Index
XEB	J.P. Morgan EMBI Global Core Hedged in CAD Index
XHY	Markit iBoxx USD High Yield Index ⁽¹⁾
XIG	Markit iBoxx USD Liquid Investment Grade Index ⁽²⁾

⁽¹⁾ Currently, XHY seeks to replicate the performance of the Markit iBoxx USD Liquid High Yield Index. BlackRock Canada may, in its discretion and without unitholder approval, change the Markit iBoxx USD Liquid High Yield Index to another widely recognized, diversified and representative index of the USD-denominated high yield corporate bond market in order to provide unitholders with exposure to the USD-denominated high yield corporate bond market. If BlackRock Canada changes the Markit iBoxx USD Liquid High Yield Index, or any index replacing such Index, BlackRock Canada will issue a press release identifying the new index.

- (2) Currently, XIG seeks to replicate the performance of the Markit iBoxx USD Liquid Investment Grade Index. BlackRock Canada may, in its discretion and without unitholder approval, change the Markit iBoxx USD Liquid Investment Grade Index to another widely recognized, diversified and representative index of the USD-denominated investment grade corporate bond market in order to provide unitholders with exposure to the USD-denominated investment grade corporate bond market. If BlackRock Canada changes the Markit iBoxx USD Liquid Investment Grade Index, or any index replacing such Index, BlackRock Canada will issue a press release identifying the new index.

OVERVIEW OF WHAT THE iSHARES FUNDS INVEST IN

The investment objective of each of the iShares Funds is to replicate, to the extent possible, the performance of its applicable Index, net of expenses. The iShares S&P/TSX Canadian Equity Funds, the iShares International Mining Sector Funds, XHC, XSP, XPF and XLA track the performance of Indices provided by S&P. The iShares Dow Jones Canadian Equity Funds track the performance of Indices provided by Dow Jones. XEN tracks an Index provided by Jantzi. The iShares Canadian Fixed Income Funds track the performance of Indices provided by PC-Bond. XIN, XEM, XWD and XBZ track the performance of Indices provided by MSCI. XSU tracks an Index provided by FRC. Currently, XCH tracks an Index provided by FTSE. XID tracks an Index provided by IISL. Currently, XIG and XHY track Indices provided by IICL. XEB tracks an Index provided by J.P. Morgan. XQQ tracks an Index provided by NASDAQ. This section of the prospectus provides details regarding the Index Provider, composition, calculation and adjustments of each of the Indices replicated by the iShares Funds.

Canadian Equity Fund Indices

The following table provides a description of the criteria currently applied by the applicable Index Provider to select the Constituent Issuers of each Canadian Equity Fund Index:

Canadian Equity Fund Index	Index Criteria
Dow Jones Canada Select Growth Index⁽¹⁾	Comprised of securities of Canadian issuers selected by Dow Jones based on criteria for identifying companies that demonstrate growth characteristics.
S&P/TSX SmallCap Index	Comprised of the smaller (by market capitalization) securities listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.
Dow Jones Canada Select Dividend Index⁽¹⁾	Comprised of 30 of the highest yielding, dividend-paying companies in the Dow Jones Canada Total Market Index, as selected by Dow Jones using a rules-based methodology including an analysis of dividend growth, yield and average payout ratio.
Dow Jones Canada Select Value Index⁽¹⁾	Comprised of securities of Canadian issuers selected by Dow Jones based on criteria for identifying companies that demonstrate value characteristics.
S&P/TSX Capped Energy Index⁽¹⁾	Comprised of securities of Canadian energy sector issuers listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.
Jantzi Social Index	Comprised of securities of Canadian issuers selected by Jantzi based on criteria for identifying companies that reflect a higher standard of environmental and social performance.
S&P/TSX Capped Financials Index⁽¹⁾	Comprised of securities of Canadian financial sector issuers listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.

Canadian Equity Fund Index	Index Criteria
S&P/TSX Capped Composite Index⁽¹⁾	Comprised of a selection of the largest (by market capitalization) and most liquid securities listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.
S&P/TSX Capped Information Technology Index⁽¹⁾	Comprised of securities of Canadian information technology sector issuers listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.
S&P/TSX 60 Index	Comprised of 60 of the largest (by market capitalization) and most liquid securities listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.
S&P/TSX Capped Materials Index⁽¹⁾	Comprised of the securities of Canadian materials sector issuers listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.
S&P/TSX Completion Index	Comprised primarily of mid-sized and smaller (by market capitalization) securities listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.
S&P/TSX Capped REIT Index⁽¹⁾	Comprised of securities of REITs listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals.
S&P/TSX Equity Income Index⁽¹⁾	<p>The S&P/TSX Equity Income Index is a strategy index focused on dividend income. The Index is comprised of 50 to 75 stocks selected from the S&P/TSX Composite Index.</p> <p>The S&P/TSX Equity Income Index is weighted by market-capitalization and rebalanced quarterly. Index constituents are ranked and selected based on their indicated dividend yield.</p>
S&P/TSX Capped Consumer Staples Index⁽¹⁾	Comprised of securities of Canadian consumer staples sector issuers listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals. Index Constituents are selected from the S&P/TSX Composite Index.
S&P/TSX Capped Utilities Index⁽¹⁾	Comprised of securities of Canadian utilities sector issuers listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals. Index constituents are selected from the S&P/TSX Composite Index.
S&P/TSX Venture Select Index	The S&P/TSX Venture Select Index is designed to be a liquid and investable index of securities listed on the TSX Venture Exchange. The Index is a subset of the S&P/TSX Venture Composite Index. Securities are selected based on their relative liquidity.

⁽¹⁾ This is a constrained market capitalization-weighted Index. See “Market Weightings of Canadian Equity Fund Indices” below for the maximum Relative Weight of each Constituent Issuer.

Further information about the Canadian Equity Fund Indices provided by S&P and their Constituent Issuers is available from S&P on its web site at www.standardandpoors.com. Further information about the Dow Jones

Canadian Equity Fund Indices and their Constituent Issuers is available from Dow Jones on its web site at www.dowjonesindexes.com. Further information about the Jantzi Social Index is available from Jantzi on its web site www.jantzisocialindex.com.

Market Weightings of Certain Canadian Equity Fund Indices

Each of the S&P/TSX 60 Index, the S&P/TSX Completion Index, the S&P/TSX SmallCap Index and the Jantzi Social Index are market capitalization-weighted indices of securities of their Constituent Issuers.

The Dow Jones Canada Select Dividend Index is a dividend-weighted, Relative Weight constrained index of securities of its Constituent Issuers.

Each of the Dow Jones Canada Select Growth Index, Dow Jones Canada Select Value Index, S&P/TSX Capped Energy Index, S&P/TSX Capped Financials Index, S&P/TSX Capped Composite Index, S&P/TSX Capped Information Technology Index, S&P/TSX Capped Materials Index, S&P/TSX Capped REIT Index, S&P/TSX Capped Utilities Index, S&P/TSX Capped Consumer Staples Index and S&P/TSX Equity Income Index (the “**Capped Indices**”) are constrained market capitalization-weighted indices of securities of their Constituent Issuers. In the calculation of these Capped Indices and the Dow Jones Canada Select Dividend Index, the Relative Weight of each Constituent Issuer is limited to the following percentage for each Index, respectively:

Capped Index	Maximum Relative Weight of Each Constituent Issuer
Dow Jones Canada Select Growth Index	10%
Dow Jones Canada Select Dividend Index	10%
Dow Jones Canada Select Value Index	10%
S&P/TSX Capped Energy Index	25%
S&P/TSX Capped Financials Index	25%
S&P/TSX Capped Composite Index	10%
S&P/TSX Capped Information Technology Index	25%
S&P/TSX Capped Materials Index	25%
S&P/TSX Capped REIT Index	25%
S&P/TSX Capped Utilities Index	25%
S&P/TSX Capped Consumer Staples Index	25%
S&P/TSX Equity Income Index	5%

The Relative Weight of a Constituent Issuer may exceed these limits due to changes in security prices from time to time. The Index Providers have established rules such that any amounts which exceed these limits will be corrected at least quarterly.

Canadian Fixed Income Fund Indices

The Canadian Fixed Income Fund Indices, other than the DEX HYBrid Bond Index, provided by PC-Bond are each market capitalization-weighted indices consisting of a broadly diversified range which may include any or all of federal, provincial, corporate and municipal bonds. The securities included in the Canadian Fixed Income Fund Indices (other than the DEX HYBrid Bond Index) consist primarily of semi-annual pay fixed rate bonds issued domestically in Canada and denominated in Canadian dollars, with an investment grade rating and a remaining effective term to maturity of at least one year.

The DEX HYBrid Bond Index is a modified market capitalization-weighted index provided by PC-Bond. The DEX HYBrid Bond Index consists of Canadian-dollar denominated corporate bonds, with a remaining term to maturity of at least one year, that are rated BBB or below.

Returns for the Canadian Fixed Income Fund Indices are calculated daily and, other than the DEX HYBrid Bond Index, are weighted by market capitalization, so that the return on a bond influences the return on the Canadian Fixed Income Fund Index in proportion to the bond's market value. The Canadian Fixed Income Fund Indices use a rules-based methodology, which changes over time to reflect market developments. Further information about the Canadian Fixed Income Fund Indices, including a description of their methodologies, is available from PC-Bond on its web site at www.canadianbondindices.com.

International Equity Fund Indices

MSCI Brazil Index

The MSCI Brazil Index is a free float-adjusted market capitalization weighted index provided by MSCI that is designed to measure the performance of the equity market of Brazil. Further information about the MSCI Brazil Index is available from MSCI on its web site at www.ms cibarra.com.

FTSE China 25 Index

The FTSE China 25 Index consists of 25 of the largest and most liquid Chinese stocks listed and trading on the Stock Exchange of Hong Kong. The Constituent Issuers are free-float market capitalization weighted, with the individual weight of any individual Constituent Issuer capped at 10%. The Index is maintained by FTSE. Further information about the FTSE China 25 Index is available from FTSE on its web site at www.ftse.com.

MSCI Emerging Markets Index

The MSCI Emerging Markets Index is a free float-adjusted market capitalization weighted index provided by MSCI that is designed to measure the equity market performance of emerging markets. Further information about the MSCI Emerging Markets Index and its Constituent Issuers is available from MSCI on its web site at www.ms cibarra.com.

S&P CNX Nifty Index

The S&P CNX Nifty Index is an equity index drawn from securities listed on the National Stock Exchange of India ("NSE"). It includes 50 companies and represents approximately 60% of the market capitalization of the NSE. The Constituent Issuers are large and liquid blue chip Indian companies, each with a minimum six-month average market capitalization of five billion Indian rupees. The Constituent Issuers are free-float market capitalization weighted. The S&P CNX Nifty Index is owned and managed by IISL. S&P has a licensing and marketing agreement with IISL. Further information about the S&P CNX Nifty Index is available from S&P on its web site at www.standardandpoors.com.

S&P Latin America 40 Index

The S&P Latin America 40 Index is an equity index drawn from four major Latin American markets: Brazil, Chile, Mexico and Peru. The Constituent Issuers are leading, large, liquid, blue chip companies from those markets. The Constituent Issuers are free-float market capitalization weighted. Further information about the S&P Latin America 40 Index and its Constituent Issuers is available from S&P on its web site at www.standardandpoors.com.

MSCI World Index

The MSCI World Index is a free float-adjusted market capitalization weighted index provided by MSCI that is designed to measure the equity market performance of developed markets. Further information about the MSCI World Index and its Constituent Issuers is available from MSCI on its web site at www.ms cibarra.com.

International Mining Sector Indices

S&P/TSX Global Gold Index

The S&P/TSX Global Gold Index is a constrained market capitalization-weighted index of securities of its Constituent Issuers. In the calculation of this Index, the Relative Weight of each Constituent Issuer is limited to 25%.

The Relative Weight of a Constituent Issuer may exceed these limits due to changes in security prices from time to time. S&P has established rules such that any amounts which exceed these limits will be corrected at least quarterly. The S&P/TSX Global Gold Index is comprised of securities of Canadian and non-Canadian gold sector issuers selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals. Further information about the S&P/TSX Global Gold Index provided by S&P and its Constituent Issuers is available from S&P on its web site at www.standardandpoors.com.

S&P/TSX Global Base Metals Index

The S&P/TSX Global Base Metals Index is designed to provide an investable index of securities issued by Canadian and non-Canadian Constituent Issuers involved in the production or extraction of base metals. The S&P/TSX Global Base Metals Index is weighted using a modified free-float market capitalization methodology, whereby individual Constituent Issuers are capped at a weight of 10% in the Index. Securities must be listed in Canada or the United States to be eligible for inclusion in the Index. Index Constituents are selected from the S&P/TSX Global Mining Index. Further information about the Index and its Constituent Issuers is available from S&P on its website at www.standardandpoors.com.

Hedged International Equity Fund Indices

S&P/TSX North American Preferred Stock Canadian Dollar Hedged Index

The Preferred Index is a modified market capitalization-weighted index provided by S&P. The Preferred Index is rules-based and comprised of preferred equity securities issued in the United States and Canada. Securities must pass several screening criteria, including size and liquidity, in order to be eligible for inclusion. The Preferred Index is hedged to Canadian dollars. Further information about the Preferred Index and its Constituent Issuers is available from S&P on its website at www.standardandpoors.com.

MSCI EAFE 100% Hedged to CAD Dollars Index

The MSCI EAFE 100% Hedged to CAD Dollars Index is a market capitalization-weighted index provided by MSCI that includes securities from Europe, Australasia and the Far East, hedged to Canadian dollars. The EAFE Index is commonly used as a measure of broad international stock performance. Further information about the EAFE Index and its Constituent Issuers is available from MSCI on its web site at www.msci.com.

S&P 500 Hedged to Canadian Dollars Index

The S&P 500 Hedged to Canadian Dollars Index is a market capitalization-weighted index of securities of 500 of the largest U.S. public issuers provided by S&P, hedged to Canadian dollars. The S&P 500 Index, which forms the basis for the S&P 500 Hedged to Canadian Dollars Index, is commonly used as a measure of broad U.S. stock market performance. Further information about the S&P 500 Index and its Constituent Issuers is available from S&P on its web site at www.standardandpoors.com.

Russell 2000® Index – Canadian Dollar Hedged

The Russell 2000® Index – Canadian Dollar Hedged is a market capitalization-weighted index of securities of 2,000 of the smaller U.S. public issuers provided by FRC, hedged to Canadian dollars. The Russell 2000® Index, which forms the basis for the Russell 2000® Index – Canadian Dollar Hedged, is commonly used as a measure of

U.S. small capitalization stock market performance. Further information about the Russell 2000® Index and its Constituent Issuers is available from FRC on its web site at www.russell.com.

S&P Global 1200 Health Care Canadian Dollar Hedged Index

The S&P Global 1200 Health Care Canadian Dollar Hedged Index is a float-adjusted, market capitalization-weighted index, comprised of the largest and most liquid healthcare securities from around the world. It includes all constituents of the S&P Global 1200 Index included in the healthcare sector as defined by the Global Industry Classification Standard (GICS®), the most widely used industry classification in the world. The Index is hedged to Canadian dollars. Further information about the Index and its Constituent Issuers is available from S&P on its website at www.standardandpoors.com.

NASDAQ Index

The NASDAQ Index includes 100 of the largest domestic and international non-financial securities listed on The NASDAQ Stock Market® based on market capitalization. The NASDAQ Index reflects companies across major industry groups including computer, biotechnology, healthcare, telecommunications and transportation. It does not contain securities of financial companies including investment companies.

The NASDAQ Index is calculated under a modified capitalization-weighted methodology. The methodology is expected to retain, in general, the economic attributes of capitalization-weighting while providing enhanced diversification. To accomplish this, NASDAQ reviews the composition of the NASDAQ Index on a quarterly basis. The NASDAQ Index is hedged to Canadian dollars. Further information about the NASDAQ Index and its Constituent Issuers is available from NASDAQ on its website at <https://indexes.nasdaqomx.com>.

International Fixed Income Fund Indices

Markit iBoxx USD Liquid High Yield Index

The Markit iBoxx USD Liquid High Yield Index is designed to provide a balanced representation of the U.S. dollar high yield corporate market by means of the most liquid high yield corporate bonds available. The Index has been designed to meet investors' demand for a U.S. dollar-denominated, highly liquid and representative high yield bond index. The Index is based on market-value weighting, with an individual Constituent Issuer cap of 3%. Further information about the Markit iBoxx USD Liquid High Yield Index is available from IICL on its web site at www.indices.markit.com.

Markit iBoxx USD Liquid Investment Grade Index

The Markit iBoxx USD Liquid Investment Grade Index is designed to provide a balanced representation of the U.S. dollar investment grade corporate market by means of the most liquid investment grade corporate bonds available. The Index has been designed to be a subset of the broader U.S. dollar corporate bond market and to meet investors' demand for a U.S. dollar denominated, highly liquid and representative investment grade corporate bond index. The Index is based on market-value weighting, with an individual Constituent Issuer cap of 3%. Further information about the Markit iBoxx USD Liquid Investment Grade Index is available from IICL on its web site at www.indices.markit.com.

J.P. Morgan EMBI Global Core Hedged in CAD Index

The J.P. Morgan EMBI Global Core Hedged in CAD Index is a broad, diverse U.S. dollar denominated emerging markets debt benchmark which tracks the total return of actively traded external debt instruments in emerging market countries. The methodology is designed to distribute the weight of each country within the Index by limiting the weights of countries with higher debt outstanding and reallocating this excess to countries with lower debt outstanding.

Adjustments to Indices

The Indices may be adjusted by the applicable Index Provider from time to time because of various events affecting Index Securities. These adjustments may require removing a Constituent Issuer from the applicable Index and substituting a new Constituent Issuer while at the same time, if necessary, changing the number of Index Securities, thereby effectively increasing or decreasing the Relative Weight of the Constituent Issuer in an Index. These adjustments to the Indices are expected to be made in such a way that the various Index Levels will not be affected.

As the iShares International Equity Funds, the iShares Currency Hedged International Equity Funds (other than XQQ and XPF) and the iShares Currency Hedged International Fixed Income Funds invest primarily in one or more iShares ETFs, as applicable, they will not usually be directly impacted by these index adjustments, and will not usually need to make significant direct adjustments to their portfolios as a result of adjustments to Indices. The iShares ETFs may, however, implement changes to their portfolios to ensure that these portfolios will match, as closely as possible, the Constituent Issuers in the relevant Index.

The iShares Funds (other than the iShares International Equity Funds, the iShares Currency Hedged International Equity Funds, except XQQ and XPF, and the iShares Currency Hedged International Fixed Income Funds) may implement these changes such that the portfolio of the iShares Fund will match, as closely as possible, the Constituent Issuers in the relevant Index (or, in the case of the iShares Canadian Fixed Income Funds, XPF and XVX, the aggregate investment characteristics of the relevant Index) with the overall goal of continuing to manage the iShares Funds to meet their applicable investment objectives.

Use of the Indices

The iShares S&P/TSX Canadian Equity Funds, the iShares International Mining Sector Funds, XLA, XPF, XHC and XSP are permitted to use the Indices provided by S&P and to use certain trademarks in connection with the operation of the applicable iShares Fund pursuant to a license agreement between BTC and S&P, which agreement has been sublicensed by BTC to BlackRock Canada.

The iShares Dow Jones Canadian Equity Funds are permitted to use the Dow Jones Canadian Equity Fund Indices and to use certain trademarks in connection with the operation of the iShares Dow Jones Canadian Equity Funds pursuant to a license agreement between BTC and Dow Jones, which agreement has been sublicensed by BTC to BlackRock Canada.

XEN is permitted to use the Jantzi Social Index provided by Jantzi and certain trademarks in connection with the operation of XEN pursuant to an agreement between BlackRock Canada and Jantzi.

The iShares Canadian Fixed Income Funds are permitted to use the Canadian Fixed Income Fund Indices provided by PC-Bond and to use certain trademarks in connection with the operation of the iShares Canadian Fixed Income Funds pursuant to an agreement between BlackRock Canada and PC-Bond.

XSU is permitted to use the Russell 2000® Index – Canadian Dollar Hedged and certain trademarks in connection with the operation of XSU pursuant to an agreement between BTC and FRC, which agreement has been sublicensed by BTC to BlackRock Canada.

XEM, XWD, XBZ and XIN are permitted to use the Indices provided by MSCI pursuant to a license agreement between BTC and MSCI and to use certain trademarks of MSCI. This license agreement has been sublicensed by BTC to BlackRock Canada.

XCH is permitted to use the Index provided by FTSE pursuant to a license agreement between BTC and FTSE International Limited and to use certain trademarks of FTSE. The rights under this license agreement have been sublicensed by BTC to BlackRock Canada.

XID is permitted to use the Index provided by IISL pursuant to a license agreement between BTC and IISL and to use certain trademarks of IISL and S&P. The rights under this license agreement have been sublicensed by BTC to BlackRock Canada.

XEB is permitted to use the Index provided by J.P. Morgan pursuant to a license agreement between BTC and J.P. Morgan to use certain trademarks of J.P. Morgan. The rights under this license agreement have been sublicensed by BTC to BlackRock Canada.

XHY and XIG are permitted to use the Indices provided by IICL pursuant to a license agreement between BTC and IICL and to use certain trademarks of IICL. The rights under this license agreement have been sublicensed by BTC to BlackRock Canada.

XQQ is permitted to use the Index provided by NASDAQ pursuant to a license agreement between BTC and NASDAQ to use certain trademarks of NASDAQ. The rights under this license agreement have been sublicensed by BTC to BlackRock Canada.

The iShares Funds do not accept responsibility for or guarantee the accuracy or completeness of the Indices or any data included in the Indices. See “Organization and Management Details of the iShares Funds – License Agreements”.

INVESTMENT STRATEGIES

iShares Canadian Equity Funds

The investment strategy of each iShares Canadian Equity Fund, other than XVX, is to invest primarily in and hold the Index Securities of the applicable Canadian Equity Fund Index from time to time. The applicable Canadian Equity Fund Index for each iShares Canadian Equity Fund is identified in this prospectus under “Investment Objectives – iShares Canadian Equity Funds”. Such Index Securities are held by the iShares Canadian Equity Fund in substantially the same proportion based on Relative Weight, as the Index Securities are reflected in that Canadian Equity Fund Index.

The investment strategy of XVX is to invest primarily in a portfolio of Index Securities which make up the Venture Index, selected by BlackRock Canada from time to time, that closely matches the characteristics of the Venture Index. Under this “stratified sampling” strategy, XVX may not hold all of the Index Securities which make up the Venture Index, but instead will hold a portfolio of Index Securities that closely matches the characteristics of the Venture Index. The securities selected for inclusion in XVX’s portfolio will have aggregate investment characteristics such as sector, market capitalization, and liquidity similar to the Venture Index. BlackRock Canada expects to rebalance XVX’s holdings from time to time in order to reflect changes in the composition and characteristics of the Venture Index.

An iShares Canadian Equity Fund may invest in and hold units of other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager, and/or other equity securities, provided that such holding by the iShares Canadian Equity Fund is consistent with its stated investment objective.

The iShares Canadian Equity Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares Canadian Equity Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations.

iShares Canadian Fixed Income Funds

The investment strategy of each iShares Canadian Fixed Income Fund is to invest in a regularly rebalanced portfolio of bonds, selected by BlackRock Canada from time to time, that closely matches the characteristics of the applicable Canadian Fixed Income Fund Index. The applicable Canadian Fixed Income Fund Index for each iShares Canadian Fixed Income Fund is identified in this prospectus under “Investment Objectives – iShares Canadian Fixed Income Funds”. Under this “stratified sampling” strategy, each iShares Canadian Fixed Income Fund may not hold

all of the bonds that are included in the applicable Canadian Fixed Income Fund Index, but instead will hold a portfolio of bonds that closely matches the characteristics of the applicable Canadian Fixed Income Fund Index. Bonds selected for inclusion in an iShares Canadian Fixed Income Fund's portfolio will have aggregate investment characteristics such as sector, credit quality, yield and term to maturity similar to those of the applicable Canadian Fixed Income Fund Index. BlackRock Canada expects to rebalance each iShares Canadian Fixed Income Fund's holdings at least monthly, in order to reflect changes in the composition and characteristics of the applicable Canadian Fixed Income Fund Index.

An iShares Canadian Fixed Income Fund may invest in and hold units of other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager provided that such holding by the iShares Canadian Fixed Income Fund is consistent with its stated investment objective.

The iShares Canadian Fixed Income Funds may invest in bond futures contracts in order to provide market exposure for cash held by such iShares Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations.

iShares International Equity Funds

The investment strategy of each iShares International Equity Fund is to invest primarily in shares of one or more U.S. iShares Funds such that the resulting portfolio will have characteristics that closely match the characteristics of the applicable International Equity Fund Index. The applicable International Equity Fund Index for each iShares International Equity Fund is identified in this prospectus under "Investment Objectives – iShares International Equity Funds". The U.S. iShares Funds are exchange-traded funds managed by an affiliate of BlackRock Canada. The investment strategy of certain iShares International Equity Funds is to invest in a specific U.S. iShares Fund, as shown in the following table:

iShares International Equity Fund	U.S. iShares Fund
XBZ	iShares MSCI Brazil Index Fund
XEM	iShares MSCI Emerging Markets Index Fund
XID	iShares S&P India Nifty 50 Index Fund
XLA	iShares S&P Latin American 40 Index Fund

Currently, XCH intends to invest primarily in shares of the iShares FTSE China 25 Index Fund, although XCH may in its discretion and without unitholder approval, invest primarily in shares of another U.S. iShares Fund. Currently, XWD intends to invest primarily in shares of the iShares S&P 500 Index Fund, the iShares MSCI EAFE Index Fund, and the iShares MSCI Canada Index Fund, although XWD may in its discretion and without unitholder approval, invest in shares of other U.S. iShares Funds.

An iShares International Equity Fund may also invest directly in the Index Securities of the applicable International Equity Fund Index, and/or in other equity securities, provided that such investment is consistent with its stated investment objective.

The iShares International Equity Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares International Equity Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations.

iShares International Mining Sector Funds

The investment strategy of each iShares International Mining Sector Fund is to invest primarily in and hold the Index Securities of the applicable International Mining Sector Fund Index from time to time. The applicable International Mining Sector Fund Index for each iShares International Mining Sector Fund is identified in this prospectus under "Investment Objectives – iShares International Mining Sector Funds". Such Index Securities are

held by the iShares International Mining Sector Fund in substantially the same proportion based on Relative Weight, as the Index Securities are reflected in that International Mining Sector Fund Index.

An iShares International Mining Sector Fund may invest in and hold units of other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager, and/or other equity securities, provided that such holding by the iShares International Mining Sector Fund is consistent with its stated investment objective.

The iShares International Mining Sector Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares International Mining Sector Fund and may also hold money market instruments, securities of money market funds or cash to meet their current obligations.

iShares Currency Hedged International Equity Funds

The investment strategy of each iShares Currency Hedged International Equity Fund, other than XPF and XQQ, is to invest primarily in shares of a U.S. iShares Fund such that the resulting portfolio will have characteristics that closely match the characteristics of the applicable Hedged International Equity Fund Index, and to hedge any resulting foreign currency exposure back to Canadian dollars. The U.S. iShares Funds are exchange-traded funds managed by an affiliate of BlackRock Canada. The iShares Currency Hedged International Equity Income Funds, other than XPF and XQQ, intend to invest in the U.S. iShares Funds set out in the following table:

iShares Currency Hedged International Equity Fund	U.S. iShares Fund
XHC	iShares S&P Global Healthcare Sector Index Fund
XIN	iShares MSCI EAFE® Index Fund
XSP	iShares S&P 500 Index Fund
XSU	iShares Russell 2000® Index Fund

The investment strategy of XPF is to invest in a regularly rebalanced portfolio of preferred shares, selected by BlackRock Canada from time to time, as well as shares of one or more iShares ETFs, that in aggregate closely match the characteristics of the Preferred Index, and to hedge any resulting U.S. dollar currency exposure back to Canadian dollars. Under this “stratified sampling” strategy, XPF may not hold all of the securities that are included in the Preferred Index, but instead will hold a portfolio of securities that closely matches the characteristics of the Preferred Index. Securities selected for inclusion in XPF’s portfolio are expected to have aggregate investment characteristics, such as sector, yield, and liquidity, similar to those of the Preferred Index.

The investment strategy of XQQ is to invest primarily in and hold the Index Securities of the NASDAQ Index in substantially the same proportion as they are reflected in the NASDAQ Index, and to hedge any resulting U.S. dollar currency exposure back to Canadian dollars.

The iShares Currency Hedged International Equity Funds intend to employ a currency hedging strategy that is designed to hedge their exposure to U.S. dollars or other foreign currency, as applicable, by entering into currency forward contracts with financial institutions that have an “approved credit rating” as defined in NI 81-102.

An iShares Currency Hedged International Equity Fund may also invest directly in Index Securities of the applicable Hedged International Equity Fund Index, other exchange-traded funds of which BlackRock Canada or an affiliate is trustee or manager, and/or other equity securities, provided that such investment is consistent with its stated investment objective

The iShares Currency Hedged International Equity Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations.

iShares Currency Hedged International Fixed Income Funds

The investment strategy of each iShares Currency Hedged International Fixed Income Fund is to invest primarily in shares of a U.S. iShares Fund such that the resulting portfolio will have characteristics that closely match the characteristics of the applicable Hedged International Fixed Income Fund Index, and to hedge any resulting U.S. dollar currency exposure back to Canadian dollars. The applicable Hedged International Fixed Income Fund Index for each iShares Currency Hedged International Fixed Income Fund is identified in this prospectus under “Investment Objectives – iShares Currency Hedged International Fixed Income Funds”.

The U.S. iShares Funds are exchange-traded funds managed by an affiliate of BlackRock Canada. Currently, the iShares Currency Hedged International Fixed Income Funds intend to invest in the U.S. iShares Funds set out in the following table:

iShares Currency Hedged International Fixed Income Fund	U.S. iShares Fund
XHY	iShares iBoxx \$ High Yield Corporate Bond Fund
XIG	iShares iBoxx \$ Investment Grade Corporate Bond Fund
XEB	iShares JPMorgan USD Emerging Markets Bond Fund

The iShares Currency Hedged International Fixed Income Funds may, in their sole discretion and without unitholder approval, invest primarily in shares of another U.S. iShares Fund.

The iShares Currency Hedged International Fixed Income Funds intend to employ a currency hedging strategy that is designed to hedge their exposure to U.S. dollars by entering into currency forward contracts and other derivative instruments with financial institutions that have an “approved credit rating” as defined in NI 81-102.

An iShares Currency Hedged International Fixed Income Fund may also invest directly in the Index Securities of the applicable Hedged International Fixed Income Fund Index, other exchange-traded funds of which BlackRock Canada or an affiliate is the trustee or manager, and/or in other fixed income securities, provided that such investment is consistent with its stated investment objective.

The iShares Currency Hedged International Fixed Income Funds may invest in futures contracts in order to provide market exposure for cash held by such iShares Funds and may also hold money market instruments, securities of money market funds or cash to meet their current obligations.

iShares ETFs

Canadian iShares Funds

The Canadian iShares Funds are exchange-traded funds that are listed on the TSX and managed by BlackRock Canada or an affiliate. The investment objective of each Canadian iShares Fund is to provide long-term capital growth or income, as applicable, by replicating the performance of its applicable index, net of expenses. To achieve their objectives, the Canadian iShares Funds, directly or indirectly, invest in a portfolio of securities that as far as possible and practicable consists of the constituent securities of the applicable index in the same proportion as they are reflected in such index.

Certain Canadian iShares Funds whose objective is to replicate, to the extent possible, the performance of an index, net of expenses, may employ a “stratified sampling” strategy. Under this stratified sampling strategy, such Canadian iShares Funds may not hold all of the securities that are included in the applicable index, but instead will

hold a portfolio of securities that closely matches the aggregate investment characteristics (e.g., sector, credit quality, yield and term to maturity) of the securities included in the applicable index.

U.S. iShares Funds

The U.S. iShares Funds are exchange-traded funds that are listed on one or more recognized U.S. stock exchanges and managed by BlackRock Fund Advisors (“BFA”). The investment objective of each U.S. iShares Fund is to seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index (an “**Underlying Index**”). To achieve their objectives, the U.S. iShares Funds will generally invest in securities of constituent issuers included in the Underlying Index. The U.S. iShares Funds may also generally invest a percentage of their assets in securities not included in the Underlying Index, but which BFA believes will help track its Underlying Index, and in futures contracts, options on futures contracts, options and swaps as well as cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates. Shares of the U.S. iShares Funds are denominated in U.S. dollars.

In the case of a U.S. iShares Fund which tracks an Underlying Index, BFA may use a “representative sampling” indexing strategy. Representative sampling is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the Underlying Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability, duration, maturity or credit ratings and/or yield) and liquidity measures similar to those of the relevant Underlying Index. A U.S. iShares Fund may or may not hold all of the securities that are included in the relevant Underlying Index.

No Duplication of Fees

Where an iShares Fund invests in iShares ETFs, there will be no duplication of management fees. See “Fees and Expenses – Fees and Expenses Payable to BlackRock Canada”.

Securities Lending

Securities lending transactions may be utilized by the iShares Funds to provide incremental return to the iShares Funds in a manner that is consistent with the investment objectives of the iShares Funds. Securities lending is also a means of generating income for the purpose of meeting the iShares Funds’ current obligations.

The iShares Funds may lend securities that they hold themselves or through an agent, to brokers, dealers, other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a “securities lending arrangement” for the purposes of the Tax Act.

The iShares Funds have engaged BTC as lending agent, subject to the overriding authority of BlackRock Canada. BTC is a national bank association under the laws of the United States of America with considerable experience and expertise in securities lending, including on behalf of U.S. pension funds, as permitted by the U.S. *Employee Retirement Income Security Act of 1974*. In addition, the iShares Funds have engaged BlackRock Advisors (UK) Limited (“**BRAL**”), a corporation incorporated under the laws of England and Wales, as lending agent, again subject to the overriding authority of BlackRock Canada. BRAL is authorized and regulated by the Financial Services Authority in the United Kingdom. BRAL has extensive experience acting as lending agent and regularly arranges loans of equities and fixed income products in a range of countries across the U.S., Europe and Asia. The iShares Funds may engage other affiliates of BlackRock Canada as lending agent.

Under applicable securities legislation, the collateral posted by a securities borrower is required to have an aggregate value of not less than 102% of the market value of the loaned securities. The total value of the securities loaned by an iShares Fund at any time is not permitted to exceed 50% of the total assets of the iShares Fund (excluding any collateral received from securities lending activities). Any cash collateral acquired by an iShares Fund is permitted to be itself invested only in the securities permitted under NI 81-102 that have a remaining term to maturity of no longer than 90 days.

Use of Derivative Instruments

Each of the iShares Funds may invest in or use derivative instruments, including futures contracts and forward contracts, provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective and strategy of the iShares Fund.

INVESTMENT RESTRICTIONS

The iShares Funds are subject to certain restrictions and practices contained in securities legislation, including NI 81-102 and NI 81-107. The iShares Funds are managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities or as permitted by NI 81-107. See “Exemptions and Approvals”. A change to the investment objective of an iShares Fund would require the approval of unitholders. See “Unitholder Matters – Matters Requiring Unitholder Approval”.

Each iShares Fund is also restricted from undertaking any activity that would result in such iShares Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act.

FEES AND EXPENSES

Fees and Expenses Payable by the iShares Funds

BlackRock Canada is entitled to receive a fee for acting as trustee, manager and portfolio adviser of the iShares Funds (the “**management fee**”). The fee is based on a percentage of the Net Asset Value of each of the following iShares Funds and is listed below:

<u>Fund</u>	<u>Annual Management Fee⁽¹⁾</u>
<i>iShares Canadian Equity Funds</i>	
XCG	0.50%
XCS	0.55%
XCV	0.50%
XDV	0.50%
XEG	0.55%
XEI	0.55%
XEN	0.50%
XFN	0.55%
XIC	0.25%
XIT	0.55%
XIU	0.15% ⁽²⁾
XMA	0.55%
XMD	0.55%
XRE	0.55%
XST	0.55%
XUT	0.55%
XVX	0.79%
<i>iShares Canadian Fixed Income Funds</i>	
XBB	0.30%
XCB	0.40%
XGB	0.35%
XLB	0.35%
XRB	0.35%
XSB	0.25%
XHB	0.45%

iShares International Equity Funds

XBZ	0.75% ⁽³⁾
XCH	0.85% ⁽³⁾
XEM	up to 0.82% ⁽⁴⁾
XID	0.98% ⁽³⁾
XLA	0.65% ⁽³⁾
XWD	0.45% ⁽³⁾

iShares International Mining Sector Funds

XBM	0.55%
XGD	0.55%

iShares Currency Hedged International Equity Funds

XHC	0.63% ⁽³⁾
XIN	up to 0.50% ⁽⁵⁾
XQQ	0.35%
XSP	up to 0.24% ⁽⁶⁾
XSU	up to 0.35% ⁽⁷⁾
XPF	0.45% ⁽³⁾

iShares Currency Hedged international Fixed Income Funds

XEB	0.72% ⁽³⁾
XHY	0.60% ⁽³⁾
XIG	0.30% ⁽³⁾

- (1) The management fee for each iShares Fund listed above is calculated and accrued daily and generally paid monthly, but in any case not less than quarterly. The management fee is exclusive of applicable GST/HST.
- (2) BlackRock Canada has agreed to be responsible for certain fees and expenses of XIU in excess of 0.17% per year of the average daily Net Asset Value of XIU (the “**expense ceiling**”).
- (3) In addition to the management fee, BlackRock Canada or an affiliate is entitled to receive a fee for acting as trustee or manager of each iShares ETF in which this iShares Fund will invest (an “**underlying product fee**” and together with the management fee, the “**total annual fee**”). As the underlying product fees are embedded in the market value of the iShares ETFs in which this iShares Fund invests, the underlying product fees are paid indirectly by this iShares Fund. BlackRock Canada will adjust the management fee payable to it by this iShares Fund to ensure that the total annual fees paid directly or indirectly to BlackRock Canada and its affiliates by this iShares Fund will not exceed the percentage of the Net Asset Value set out in this table. The underlying product fees paid indirectly by this iShares Fund are calculated and accrued daily and are paid not less than annually.
- (4) This fee is the sum of (i) a fee of up to 0.75% per year (as of the date of this prospectus, 0.68%) paid by the U.S. iShares Fund in which XEM invests to an affiliate of BlackRock Canada and (ii) a fee of up to 0.10% per year (as of the date of this prospectus, 0.10%) paid by XEM to BlackRock Canada. BlackRock Canada will adjust the fee payable to it by XEM to ensure that the annual management fee paid directly or indirectly to BlackRock Canada and its affiliates by XEM will not exceed 0.82%.
- (5) This fee is the sum of (i) up to a maximum of 0.35% per year paid by the U.S. iShares Fund in which XIN invests to an affiliate of BlackRock Canada (the “**XIN Underlying Management Fee**”) and (ii) a fee of 0.15% per year paid by XIN to BlackRock Canada. The XIN Underlying Management Fee fluctuates based on the net asset value of the U.S. iShares Fund and is paid indirectly by XIN.
- (6) This fee is the sum of (i) up to a maximum of 0.09% per year paid by the U.S. iShares Fund in which XSP invests to an affiliate of BlackRock Canada (the “**XSP Underlying Management Fee**”) and (ii) a fee of 0.15% per year paid by XSP to BlackRock Canada. The XSP Underlying Management Fee fluctuates based on the net asset value of the U.S. iShares Fund and is paid indirectly by XSP.
- (7) This fee is the sum of (i) up to a maximum of 0.20% per year paid by the U.S. iShares Fund in which XSU invests to an affiliate of BlackRock Canada (the “**XSU Underlying Management Fee**”) and (ii) a fee of 0.15% per year paid by XSU to BlackRock Canada. The XSU Underlying Management Fee fluctuates based on the net asset value of the U.S. iShares Fund and is paid indirectly by XSU.

The iShares Funds, including XIU, are also responsible for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the independent review committee (the “IRC”), brokerage expenses and commissions, income tax, GST, HST, withholding and other taxes. See “Harmonized Sales Tax”.

XIU is also responsible for additional fees and expenses but such fees and expenses are subject to the expense ceiling. See “Fees and Expenses payable by BlackRock Canada”.

Fees and Expenses Payable by BlackRock Canada

For all iShares Funds, except XIU, BlackRock Canada is responsible for each of the iShares Fund’s fees and expenses except the fees and expenses payable by the iShares Fund described under “Fees and Expenses Payable by the iShares Funds”. The fees and expenses for which BlackRock Canada is responsible include the fees payable to the sub-adviser, custodian, registrar and transfer agent and other service providers retained by BlackRock Canada as described under “Organization and Management Details of the iShares Funds – Duties and Services to be Provided by BlackRock Canada”.

XIU is responsible for all fees and expenses of XIU, including the management fee, any fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, brokerage expenses and commissions, registrar and transfer agency fees, securities movement charges payable to XIU’s custodian, legal and audit fees, the preparation, printing, filing and distribution of prospectuses, financial statements, MRFPs, proxy voting reports, press releases, material change reports, annual reports, and annual filing fees payable to Canadian securities regulatory authorities relating to the issuance of Units of XIU, income tax, GST, HST, withholding and other taxes. BlackRock Canada has agreed to be responsible for the fees and expenses of XIU in excess of 0.17% per year of the average daily Net Asset Value of XIU, except for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, income tax, GST, HST, withholding and other taxes.

Harmonized Sales Tax

The province of Ontario and the province of British Columbia harmonized their provincial sales tax with the GST effective July 1, 2010, resulting in an HST of 13% (Ontario) or 12% (British Columbia), rather than the 5% GST, being payable in those provinces. It is possible that other provinces (that do not already have an HST) may also decide to adopt an HST. Effective July 1, 2010, certain fees and expenses such as management fees and other expenses payable by an iShares Fund that are subject to GST became subject to the new HST.

Management Fee Distributions

BlackRock Canada may agree to charge a reduced management fee or total annual fee, as applicable, as compared to the fee that BlackRock Canada otherwise would be entitled to receive from the iShares Funds with respect to investments in the iShares Funds by unitholders who hold a minimum amount of Units during any period as specified by BlackRock Canada from time to time. An amount equal to the difference between the management fee or total annual fee, as applicable, otherwise chargeable and the reduced fee of the iShares Funds will be distributed quarterly in cash by the iShares Funds to those unitholders as Management Fee Distributions.

The availability and amount of Management Fee Distributions with respect to Units of an iShares Fund will be determined by BlackRock Canada. Management Fee Distributions will generally be calculated and applied based on a unitholder’s average holdings of Units (excluding Units lent under the terms of securities lending agreements) over each applicable period as specified by BlackRock Canada from time to time. Management Fee Distributions will be available only to beneficial owners of Units and not to the holdings of Units by dealers, brokers or other participants in CDS who hold Units in CDS on behalf of beneficial unitholders. Management Fee Distributions will be paid first out of income and capital gains of the iShares Funds and then out of capital. See “Income Tax Considerations – Taxation of Unitholders” for further details. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units must submit a claim for a Management Fee Distribution that is verified by a CDS participant on the beneficial owner’s behalf and provide BlackRock Canada with such further

information as BlackRock Canada may require in accordance with the terms and procedures established by BlackRock Canada from time to time.

BlackRock Canada reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by the iShares Funds generally will be borne by the unitholders receiving these distributions.

RISK FACTORS

The risks associated with making an investment in the iShares Funds are described below.

General Risks Relating to an Investment in the iShares Funds

General Risks of Investments

An investment in an iShares Fund should be made with an understanding that the value of the underlying securities (whether held directly or indirectly) may fluctuate in accordance with changes in the financial condition of the issuers of those underlying securities (particularly those that are more heavily weighted in a particular Index), the condition of equity, bond and currency markets generally and other factors. The identity and weighting of the Constituent Issuers and Index Securities also change from time to time.

The risks inherent in investments in equity and bond securities (whether held directly or indirectly) include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock or bond market may deteriorate (either of which may cause a decrease in the value of the Indices and thus in the value of Units of the iShares Funds). Equity securities are susceptible to general stock market fluctuations and the financial condition of the issuer. Fixed income securities are susceptible to general interest rate fluctuations and to changes in investors' perception of inflation expectations and the condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises.

General Risks of Investing in an Index Fund and Passive Investment Risk

Investments in an iShares Fund should be made with an understanding that the Index Level of the applicable Index may fluctuate in accordance with the financial condition of the Constituent Issuers or bonds that are represented in such Index (particularly those that are more heavily weighted), the value of the securities generally and other factors.

Because the investment objective of each of the iShares Funds is to replicate the performance of the applicable underlying Index, the iShares Funds are not actively managed by traditional methods, and BlackRock Canada will not attempt to take defensive positions in declining markets. Therefore, the adverse financial condition of a Constituent Issuer represented in the Index will not necessarily result in the elimination of exposure to its securities, whether direct or indirect, by an iShares Fund unless the Index Securities are removed from the applicable Index.

Risks Relating to Index Replication Strategies

An investment in the iShares Funds should be made with an understanding that the iShares Funds will not replicate exactly the performance of the applicable Index. The total return generated by the securities held directly or indirectly by the iShares Funds will be reduced by transaction costs (including transaction costs incurred in adjusting the actual balance of the securities held by the iShares Funds) as well as taxes and other expenses borne by the iShares Funds, whereas such transaction costs, taxes and expenses are not included in the calculation of the returns of the applicable Index.

It is possible that an iShares Fund may not fully replicate the performance of the applicable Index due to transaction costs, the temporary unavailability of certain securities or instruments in the secondary market or

otherwise or due to other extraordinary circumstances. It is also possible that an iShares Fund will not fully replicate the performance of the applicable Index where the iShares Fund's expenses exceed income received from the underlying securities.

A deviation could also occur in the tracking of an iShares Fund with its applicable Index due to transaction costs, timing differences with respect to corporate actions (such as mergers and spin-offs), index adjustments, and other timing variances, for example, where an iShares Fund tenders under a successful takeover bid for less than all Index Securities where the Constituent Issuer is not taken out of the applicable Index and that iShares Fund buys replacement Index Securities for more than the takeover bid proceeds. In general, the iShares Funds will not replicate exactly the composition of the applicable Index, which may also lead to differences between the performance of the iShares Funds and the performance of the applicable Index.

The accuracy with which an iShares Fund replicates (net of expenses) the performance of the applicable Index will depend on several factors, including the investment strategy used and the characteristics of the applicable Index and Index Securities. The difference between the performance of an index fund and its applicable benchmark index is generally called "tracking error". In general, if an iShares Fund uses a stratified sampling strategy, then that iShares Fund may experience greater tracking error than an iShares Fund that holds, on a proportionate basis, all Index Securities of the applicable Index. The quantity of Index Securities selected using a stratified sampling strategy will be based on a number of factors, including the asset base of the applicable iShares Fund. In selecting securities for an iShares Fund using a stratified sampling strategy, BlackRock Canada will not "actively manage" the iShares Fund by undertaking any fundamental analysis of Index Securities nor will BlackRock Canada buy or sell securities for the iShares Fund based on market, financial or economic analysis. Because BlackRock Canada will not attempt to take defensive positions in declining markets, the adverse financial condition of an issuer represented in an applicable Index will not necessarily result in the iShares Fund ceasing to hold the issuer's securities, unless such securities are removed from the applicable Index. The level of tracking error experienced by an iShares Fund may also be affected by the characteristics of the applicable Index, including the market capitalization, liquidity, and volatility of the applicable Index Securities, as well as the overall quantity of Index Securities included in the Index. In general terms, tracking error is positively correlated to volatility, and negatively correlated to liquidity and market capitalization.

Calculation of Index Levels and Termination of the Indices

The Indices are maintained and calculated by the Index Providers. Trading in Units of an iShares Fund may be suspended for a period of time if, for whatever reason, the calculation of an Index Level is delayed. In the event an Index Level ceases to be calculated or is discontinued, BlackRock Canada may terminate the applicable iShares Fund on not less than 60 days' and not more than 90 days' notice to unitholders, change the investment objective of that iShares Fund to invest primarily in underlying securities or to seek to replicate an alternative index (subject, where applicable, to unitholder approval in accordance with the Master Declaration of Trust), or make such other arrangements as BlackRock Canada considers appropriate and in the best interests of unitholders in the circumstances.

Purpose of the Indices

Generally, the Indices were not created for the purpose of the applicable iShares Funds. The Index Providers have reserved the right to make adjustments to the Indices or to cease calculating the applicable Index Levels without regard to the particular interests of the iShares Funds, BlackRock Canada, the unitholders and Underwriters, but rather solely with a view to the original purpose of the applicable Index.

Risk that Units Will Trade at Prices Other than Net Asset Value per Unit

The Units of the iShares Funds may trade below, at, or above their respective Net Asset Values per Unit. The Net Asset Values per Unit will fluctuate with changes in the market value of an iShares Fund's holdings. The trading prices of the Units will fluctuate in accordance with changes in the applicable iShares Fund's Net Asset Value per Unit, as well as market supply and demand on the TSX. However, given that unitholders may subscribe for or exchange a Prescribed Number of Units of any iShares Funds at the Net Asset Value per Unit, BlackRock Canada believes that large discounts or premiums to the Net Asset Value per Unit of the iShares Funds should not be sustained.

If a unitholder purchases Units of an iShares Fund at a time when the market price of a Unit is at a premium to the Net Asset Value per Unit or sells Units of an iShares Fund at a time when the market price of a Unit is at a discount to the Net Asset Value per Unit, the unitholder may sustain a loss.

Issuer Concentration Risk

The iShares Funds may invest more of their net assets in one or more issuers than is permitted for actively managed mutual funds. This may increase the liquidity risk of the iShares Funds which may, in turn, have an effect on the iShares Funds' ability to satisfy redemption requests. This may also lower the diversification of an iShares Fund and may make the general risk of equity investments, fixed income investments and the volatility of Net Asset Value of the iShares Fund relatively greater. This issuer concentration risk may be enhanced for iShares Funds that seek to replicate the performance of an Index that is more concentrated and includes a smaller number of Constituent Issuers than an iShares Fund that seeks to replicate the performance of a broader Index that includes a larger number of Constituent Issuers.

Securities Lending

The iShares Funds may engage in securities lending. Although an iShares Fund benefits from an indemnity from Barclays Bank PLC and will also receive collateral in excess of the value of the securities on loan in connection with all loans of securities, and such collateral is marked to market, the applicable iShares Fund would be exposed to the risk of loss should a borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities and the iShares Fund cannot realize on Barclays Bank PLC's (or such other entity, as applicable) indemnity. In addition, such iShares Funds will bear the risk of loss of any investment of cash collateral.

Index Adjustments

Adjustments to an Index may require corresponding adjustments to the portfolio assets held by an iShares Fund, directly or indirectly. Such adjustments could cause a minor deviation in the tracking of the Index Levels by the iShares Funds.

Adjustments to the portfolio held directly or indirectly by an iShares Fund necessitated by adjustments to an Index will depend on the ability of BlackRock Canada or its affiliate, as applicable, to perform its respective obligations. To achieve this, the applicable iShares Fund or iShares ETF may be required to sell or purchase, as the case may be, Index Securities in the market.

Derivative Investments

An iShares Fund may invest in derivatives from time to time. For example, the iShares Currency Hedged International Equity Funds and the iShares Currency Hedged International Fixed Income Funds will invest in derivatives to hedge the currency exposure resulting from their direct and indirect investments in foreign securities. In the case of forward contracts, there can be no assurance that a market will exist to permit an iShares Fund to realize its profits or limit its losses by closing out positions. In the case of exchange-traded futures contracts, there may be a risk of a lack of liquidity when an iShares Fund wants to close out positions. Each iShares Fund is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange-traded instruments, or other third party in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is the risk of loss by an iShares Fund of margin deposits in the event of bankruptcy of a dealer with whom the iShares Fund has an open position in a futures contract.

Derivative instruments traded in non-North American markets may offer less liquidity and greater credit risk than comparable instruments traded in North American markets. The ability of each iShares Fund to close out its positions may also be affected by daily trading limits imposed by futures exchanges on certain derivatives. If an iShares Fund is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the contract becomes exercisable, expires or matures, as the case may be. The inability to close out futures and forward positions also could have an adverse impact on an iShares Fund's ability to use derivative instruments to effectively implement its investment strategy.

There is no assurance that an iShares Fund's use of derivatives will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the underlying investment. Any historical correlation may not continue for the period during which the derivative instrument is used.

Risks Relating to Tax Changes

There can be no assurance that changes will not be made to the tax rules affecting the taxation of an iShares Fund or an iShares Fund's investments, or in the administration of such tax rules. Certain tax rules have been proposed that deal with investments in non-resident trusts. These rules are currently under review and final form of the proposed rules has not yet been released. It is not expected that these new rules will have a negative effect on the iShares Funds or their unitholders but there can be no assurance in this regard.

There can be no assurance that the CRA will agree with the tax treatment adopted by the iShares Funds in respect of any particular transaction.

Liquidity Risk

Under certain circumstances, such as a market disruption, certain iShares Funds may not be able to dispose of their investments quickly or at prices that represent the fair market value of such investments. Certain securities or derivatives held by certain iShares Funds may be illiquid, which may prevent these iShares Funds from being able to limit their losses or realize gains.

Borrowing Risk

From time to time, an iShares Fund may borrow cash as a temporary measure to fund the portion of any distributions payable to unitholders that represents amounts that have not yet been received by the iShares Fund. An iShares Fund is limited to borrowing up to the amount of the unpaid distribution and, in any event, not more than 5% of the net assets of that iShares Fund. There is a risk that an iShares Fund will not be able to repay the borrowed amount because it is unable to collect the distribution from the applicable issuer. Under these circumstances, the iShares Fund would be required to repay the borrowed amount by disposing of portfolio assets.

Additional Risks Relating to an Investment in Certain iShares Funds

In addition to the general risk factors applicable to all iShares Funds, there are certain risk factors inherent to an investment in the iShares Canadian Equity Funds, as indicated in the table below:

	XCG	XCS	XCV	XDV	XEG	XEI	XEN	XFN	XIC	XIT	XIU	XMA	XMD	XRE	XST	XUT	XVX
General Risks of Equity Investments	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
TSX Venture-Listed Securities Risk																	√
Sector Risk	√		√	√	√		√	√		√		√		√	√	√	
Smaller Issuer Risk	√	√	√	√	√	√	√	√	√	√		√	√	√	√	√	√
Income Trust Investments Risks	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	
Non-Replication Strategies Risk																	√
Cease Trading of Securities Risk	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Non-Capitalization Weighted Strategy Risks				√													
Voting of Index Securities	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Absence of an Active Market for the Units and Lack of Operating History						√									√	√	√

In addition to the general risk factors applicable to all iShares Funds, there are certain risk factors inherent to an investment in the iShares Canadian Fixed Income Funds, XPF and the iShares Hedged International Fixed Income Funds, as indicated in the table below:

	XBB	XCB	XGB	XHB	XLB	XRB	XSB	XPF	XEB	XHY	XIG
General Risks of Equity Investments								✓			
General Risks of Foreign Equity Investments								✓			
General Risks of Preferred Share Investments								✓			
General Risks of Debt Instruments	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
General Risks of U.S. Debt Investments									✓	✓	✓
Currency Risk								✓	✓	✓	✓
High Yield Securities Risk				✓					✓	✓	
Credit Risk	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Call Risk	✓	✓		✓	✓		✓	✓	✓	✓	✓
Currency Hedging Strategies Risk								✓	✓	✓	✓
Emerging Markets Risk									✓		
Geographic Risk									✓		
Indirect Investments in Certain U.S. Securities through U.S. iShares Funds Risks								✓	✓	✓	✓
Underlying Securities NAV Risk								✓	✓	✓	✓
Non-Replication Strategies Risk	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cease Trading of Securities Risk								✓	✓	✓	✓
Real Return Bonds Investments Risk						✓					
Risk Relating to Significant Investors				✓				✓			
Smaller Issuer Risk	✓	✓		✓	✓		✓	✓	✓	✓	✓
Absence of an Active Market for the Units and Lack of Operating History				✓				✓	✓		

In addition to the general risk factors applicable to all iShares Funds, there are certain risk factors inherent to an investment in the iShares International Equity Funds, the iShares International Mining Sector Funds and the iShares Currency Hedged International Equity Funds (other than XPF), as indicated in the table below:

	XBZ	XCH	XEM	XID	XLA	XWD	XBM	XGD	XHC	XIN	XQQ	XSP	XSU
General Risks of Equity Investments						✓	✓	✓	✓				
General Risks of Foreign Equity Investments	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Emerging Markets Risk	✓	✓	✓	✓	✓								
India Investments and S&P Nifty 50 Index Fund Risks				✓									
Brazil Investments Risks	✓												
China Investments Risks		✓											
Latin America Investments Risks					✓								

	XBZ	XCH	XEM	XID	XLA	XWD	XBM	XGD	XHC	XIN	XQQ	XSP	XSU
Currency Risk	√	√	√	√	√	√	√	√	√	√	√	√	√
Sector Risk							√	√	√		√		
Smaller Issuer Risk	√	√	√	√	√	√	√	√	√	√	√	√	√
Geographic Risk	√	√	√	√	√								
Currency Hedging Strategies Risk									√	√	√	√	√
Underlying Securities NAV Risk	√	√	√	√	√	√			√	√		√	√
Non-Replication Strategies Risk	√	√	√	√		√			√	√			
Income Trust Investments Risks						√	√	√	√				
Cease Trading of Securities Risk	√	√	√	√	√	√	√	√	√	√	√	√	√
Voting of Index Securities	√	√	√	√	√	√	√	√	√	√	√	√	√
Absence of an Active Market for the Units and Lack of Operating History							√		√		√		

Absence of an Active Market for the Units and Lack of Operating History

Certain iShares Funds are newly organized exchange-traded funds with either no previous or limited operating history, as applicable. Although these iShares Funds may be listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained.

Brazil Investments Risks

XBZ intends to invest, directly or indirectly, a large percentage of its net assets in securities issued by issuers who are concentrated in Brazil. XBZ may be adversely affected by the performance of those securities, may be subject to increased price volatility, and may be more susceptible to the risks associated with these particular issuers, or to a single economic, political, or regulatory occurrence affecting these issuers or Brazil and its economy. Some particular risks associated with Brazil include:

- (a) **Commodity Exposure Risk** – The agricultural and mining sectors of Brazil’s economy account for a large portion of its exports. Any changes in these sectors or fluctuations in the commodity markets could have an adverse impact on the Brazilian economy.
- (b) **Privatization Risk** – The Brazilian government has begun a program of privatization, notably in the telecommunications and energy sectors. Historically, investors in some recently privatized entities have suffered losses due to the inability of the recently privatized company to adjust quickly to a competitive environment or changing regulatory and legal standards. There is no assurance that such losses will not recur.
- (c) **Reliance on Trading Partners Risk** – Brazil is highly dependent on trade with other countries. The Brazilian economy is affected by the economies of other Central and South American countries, some of which have experienced high interest rates, economic volatility, inflation, currency devaluations, and high unemployment rates. Any adverse economic event in one country may have a significant effect on other countries of this region. In addition, commodities (such as oil, gas and minerals) represent a significant percentage of the region’s exports and many economies in this region, including Brazil’s, are particularly sensitive to fluctuations in commodity prices.
- (d) **Economic and Currency Risk** – Brazil is heavily dependent upon commodity prices and international trade and suffers from high inflation rates. Brazil, like some emerging market

countries, is likely to experience currency devaluations and economic recessions causing a negative effect on its economy and securities market.

- (e) Large Government Debt Risk – Brazil continues to suffer from chronic structural public sector deficits. Brazil’s outstanding government debt has in recent times been as high as 51% of gross domestic product. Total foreign debt is still large in relation to Brazil’s export base.
- (f) Political and Social Risk – Disparities of wealth, the pace and success of democratization and capital market development, and ethnic, religious, and racial disaffection have led to social unrest, violence, and labour unrest. Unanticipated political or social developments may result in sudden and significant investment losses.

Call Risk

Certain iShares Funds may invest, directly or indirectly, in callable securities. During periods of falling interest rates, an issuer of a callable security may “call” or repay a security before its stated maturity, which may result in an iShares Fund having to reinvest the proceeds at lower interest rates, resulting in a decline in their respective income.

Cease Trading of Securities Risk

If the Index Securities or securities of the iShares ETFs held directly or indirectly by the iShares Funds are cease-traded by order of a securities regulatory authority or are halted from trading by the relevant exchanges, the iShares Fund may halt trading in its Units. Thus, Units of the applicable iShares Fund bear the risk of cease trading orders against all Constituent Issuers of the applicable Index, as well as the applicable iShares ETF. If Units of the iShares Fund are cease-traded by order of a securities regulatory authority, if normal trading is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for Units, the applicable iShares Fund may suspend the right to redeem Units for cash, subject to prior regulatory approval. If the right to redeem Units for cash is suspended, the applicable iShares Fund will return redemption requests to unitholders who have submitted them. If Index Securities or securities of the respective iShares ETFs in which the iShares funds invest are cease-traded, they may not be delivered on an exchange of a Prescribed Number of Units for a Basket until such time as the cease-trade order is lifted.

China Investments Risks

XCH intends to invest, directly or indirectly, a large percentage of its net assets in securities issued by a small number of issuers who are concentrated in China. XCH may be adversely affected by the performance of those securities, may be subject to increased price volatility, and may be more susceptible to the risks associated with these particular issuers, or to a single economic, political, or regulatory occurrence affecting these issuers or China and its economy. Some particular risks associated with China include:

- (a) Asian Economic Risk – Certain Asian economies have experienced over-extension of credit, currency devaluations and restrictions, high unemployment, high inflation, decreased exports, and economic recessions. Economic events in any one country can have a significant economic effect on the entire Asian region and any adverse events in the Asian markets may have a significant adverse effect on Chinese companies.
- (b) Privatization Risk – China has begun a process of privatization of certain entities and industries. Historically, investors in some recently privatized entities have suffered losses due to the inability of the recently privatized company to adjust quickly to a competitive environment or changing regulatory and legal standards or, in some cases, due to re-nationalization of such privatized entities. There is no assurance that such losses will not recur.
- (c) Reliance on Trading Partners Risk – Export growth continues to be a major driver of China’s rapid economic growth. To increase exports, China has pursued policies such as liberalizing trading rights and encouraging foreign companies to conduct manufacturing and assembly operations in China. Reduction in spending on Chinese products and services, institution of tariffs or other trade

barriers, or a downturn in any of the economies of China's key trading partners may have an adverse impact on the companies in which XCH invests.

- (d) **Security Risk** – China has strained international relations with Taiwan, India, Russia, and other neighbours due to territorial disputes, historical animosities, and other defense concerns. Relations between China and Tibet are also strained and have been marked by protests and violence. These situations may cause uncertainty in the Chinese market and may adversely affect the performance of the Chinese economy.
- (e) **Political and Social Risk** – The Chinese government is authoritarian and has periodically used force to suppress civil dissent. Disparities of wealth and the pace of economic liberalization may lead to social turmoil, violence, and labour unrest. In addition, China continues to experience disagreements related to integration with Hong Kong and religious and nationalist disputes with Tibet. Unanticipated political or social developments may result in sudden and significant investment losses.
- (f) **Heavy Government Control and Regulations** – The Chinese government has implemented significant economic reforms in order to liberalize trade policy, promote foreign investment in the economy, reduce government control of the economy and develop market mechanisms. There can be no assurance that these reforms will continue or that they will be effective. Despite recent reform and privatizations, heavy regulation of investment and industry is still pervasive and the Chinese government may restrict foreign ownership of Chinese corporations and repatriation of assets.
- (g) **Economic Risk** – The Chinese economy has grown rapidly during the past several years and there is no assurance that this growth rate will be maintained. China may experience substantial rates of inflation or economic recessions, causing a negative effect on the economy and securities market. Delays in enterprise restructuring, slow development of well-functioning financial markets and widespread corruption have also hindered performance of the Chinese economy and China continues to receive substantial pressure from trading partners to liberalize official currency exchange rates.
- (h) **Expropriation Risk** – The Chinese government maintains a major role in economic policy making, and investing in China involves risk of loss due to expropriation, nationalization, confiscation of assets and property, or the imposition of restrictions on foreign investments and on repatriation of capital invested.

Credit Risk

Certain iShares Funds may be subject to credit risk. Credit risk is the risk that the government or company issuing a fixed income security will be unable to make interest payments or pay back the original investment. Securities that have a low credit rating have high credit risk. Lower-rated debt securities issued by companies or governments in emerging markets often have higher credit risk. Securities issued by well-established companies or by governments of developed countries tend to have lower credit risk. Investments in companies or markets with high credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term.

Currency Hedging Strategies Risk

While the iShares Currency Hedged International Equity Funds and iShares Currency Hedged International Fixed Income Funds will hedge their exposure to foreign currency by entering into currency forward transactions with financial institutions that have an “approved credit rating” as defined in NI 81-102, there is no assurance that these currency forward transactions will be effective. BlackRock Canada expects these currency forward transactions to be substantially effective; however, some deviations from the returns of the applicable Index are expected to occur, in addition to those outlined in “General Risks Relating to an Investment in the iShares Funds – Risks Relating to Index Replication Strategies”.

In addition, in the case of XHY and XIG, the applicable Index may be denominated in U.S. Dollars and as such, its performance will not take into account any costs, risks or other performance impacts of currency hedging strategies. XHY and XIG may also not fully replicate the performance of their applicable Index for these reasons.

The effectiveness of the iShares Funds' currency hedging strategy will in general be affected by the volatility of both the applicable Index, and the volatility of the Canadian dollar relative to the currencies to be hedged. Increased volatility will generally reduce the effectiveness of an iShares Fund's currency hedging strategy.

The effectiveness of the iShares Funds' currency hedging strategy will in general be affected by interest rates. Significant differences between Canadian dollar interest rates and foreign currency interest rates may affect the effectiveness of the currency hedging strategy employed by certain iShares Funds.

Currency Risk

Changes in foreign currency rates may affect the Net Asset Value of certain iShares Funds since certain iShares Funds will have direct and indirect investments denominated in currencies other than the Canadian dollar. The value of the currency of the countries in which certain iShares Funds have invested (directly or indirectly) could decline relative to the value of the Canadian dollar.

While certain iShares Funds will hedge their exposure to foreign currency by entering into currency forward transactions with financial institutions that have an "approved credit rating" as defined in NI 81-102, there is no assurance that these currency forward transactions will be effective. Additional risks relating to currency hedging are described under "Additional Risks Relating to an Investment in Certain iShares Funds - Currency Hedging Strategies Risk". In addition, these currency forward transactions involve derivative investments and, therefore, expose these iShares Funds to the derivative risk described above under "General Risks Relating to an Investment in the iShares Funds – Derivative Investments".

Emerging Markets Risk

Investments in emerging markets are subject to a greater risk of loss than investments in developed markets. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, greater risk of a market shutdown and more governmental limitations on foreign investments than typically found in developed markets. Risks of investments in emerging markets include:

- (a) **Custody Risk** - Custody risk refers to the risks in the process of clearing and settling trades and to the holding of securities by local banks, agents and depositories. Low trading volumes and volatile prices in less-developed markets make trades harder to complete and settle, and governments or trade groups may compel local agents to hold securities in designated depositories that are not subject to independent evaluation. Local agents are held only to the standards of care in their local markets. The less developed a country's securities market is, the greater the likelihood of custody problems.
- (b) **Reliance on Trading Partners Risk** - Economies in emerging market countries generally are dependent heavily upon commodity prices and international trade and, accordingly, may be affected adversely by the economies of their trading partners, trade barriers, exchange controls, managed adjustments in relative currency values, and may suffer from extreme and volatile debt burdens or inflation rates. Trading partners' economies may be affected by such factors as over-extension of credit, currency devaluations and restrictions, high unemployment, high inflation, economic recessions, fluctuating exports or imports, changes in governmental regulations on trade and changes in exchange rates.
- (c) **Security Risk** - Some geographic areas in which certain iShares Funds invest, directly or indirectly, have experienced acts of terrorism or strained international relations due to territorial disputes, historical animosities or other defense concerns. These situations may cause uncertainty in the markets of these geographic areas and may adversely affect the performance of their economies.

- (d) Structural Risks - Certain emerging market countries are subject to a considerable degree of economic, political and social instability.
- Economic Risk - Some emerging market countries have experienced currency devaluations and substantial (and, in some cases, extremely high) rates of inflation, while others have experienced economic recessions causing a negative effect on the economies and securities markets of such emerging countries.
 - Political and Social Risk - Some governments in emerging market countries are authoritarian in nature or have been installed or removed as a result of military coups, and some governments have periodically used force to suppress civil dissent. Disparities of wealth, the pace and success of democratization, and ethnic, religious and racial disaffection, have also led to social unrest, violence and/or labour unrest in some emerging market countries. Unanticipated political or social developments may result in sudden and significant investment losses, including on investments in sovereign debt issued by emerging market governments.
 - Expropriation Risk - Investing in emerging market countries involves a great risk of loss due to expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and repatriation of capital invested by certain emerging market countries.

General Risks of Debt Instruments

Investment in certain iShares Funds should be made with an understanding that the value of the underlying bonds will be affected by changes in the general level of interest rates. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. The Net Asset Value of these iShares Funds will fluctuate with interest rate changes and the corresponding changes in the value of the securities held by these iShares Funds.

Distributions on the Units will generally depend upon the ongoing payment of coupon interest and there can be no assurance that bond issues will continue to pay coupon interest. iShares Funds that invest in bonds may be affected by a general decline in the bond market.

The value of the corporate bonds held by certain iShares Funds will be affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness.

General Risks of Equity Investments

Holders of equity securities of any given issuer incur more risk than holders of debt obligations of such issuer because shareholders, as owners of such issuer, have generally inferior rights to receive payments from such issuer in comparison with the rights of creditors of, or holders of debt obligations issued by, such issuer. Further, unlike debt securities, which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), equity securities have neither a fixed principal amount nor a maturity.

In the case of certain iShares Funds distributions on the Units will generally depend upon the declaration of dividends or distributions on Index Securities. The declaration of such dividends or distributions generally depends upon various factors, including the financial condition of the Constituent Issuers and general economic conditions. Therefore, there can be no assurance that the Constituent Issuers will pay dividends or distributions on Index Securities.

General Risks of Foreign Equity Investments

Holders of equity securities of any given issuer incur more risk than holders of debt obligations of such issuer because shareholders, as owners of such issuer, have generally inferior rights to receive payments from such issuer in comparison with the rights of creditors of, or holders of debt obligations issued by, such issuer. Further, unlike debt securities, which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), equity securities have neither a fixed principal amount nor a maturity.

Certain iShares Funds may invest, directly or indirectly, in foreign equity securities. Investments in foreign equity securities may involve unique risks not typically associated with investing in Canada. Foreign exchanges may be open on days when an iShares Fund or a U.S. iShares Fund in which an iShares Fund invests do not price their securities and, therefore, the value of the securities in the portfolios of such iShares Fund or the U.S. iShares Fund may change on days when investors will not be able to purchase or sell Units. Information about foreign corporations may not be complete, may not reflect the extensive accounting or auditing standards or may not have been subject to the same level of government supervision or regulation as would have been the case in Canada. Some foreign securities markets may be volatile or lack liquidity and some foreign markets may have higher transaction and custody costs and delays in attendant settlement procedures. In some countries, there may be difficulties in enforcing contractual obligations and investments could be affected by political instability, social instability, expropriation or confiscatory taxation.

In the case of a U.S. iShares Fund holding equity securities, distributions on the shares of the U.S. iShares Fund will generally depend upon the declaration of dividends or distributions on Index Securities. The declaration of such dividends or distributions generally depends upon various factors, including the financial condition of the Constituent Issuers and general economic conditions. Therefore, there can be no assurance that the Constituent Issuers will pay dividends or distributions on Index Securities. Distributions on the shares of a U.S. iShares Fund will also generally be affected by the imposition of withholding taxes on portfolio dividends received from non-U.S. domiciled Constituent Issuers. The income available to be distributed by a U.S. iShares Fund will generally be reduced by the existence of such withholding taxes. Distributions paid on the shares of a U.S. iShares Fund will also generally be subject to U.S. withholding taxes. As a result, certain iShares Funds may earn less income from investments in U.S. iShares Funds than could have been otherwise earned from direct investments in Index Securities (see “Taxation of the iShares Funds” for additional information on the impact of withholding taxes on certain iShares Funds).

General Risks of Preferred Share Investments

Unlike interest payments on debt securities, dividend payments on preferred shares typically must be declared by the issuer’s board of directors. An issuer’s board of directors is generally not under any obligation to pay dividends (even if such dividends have accrued), and may suspend payment of dividends on preferred shares at any time. In the event an issuer of preferred shares experiences economic difficulties, the issuer’s preferred shares may lose substantial value due to the reduced likelihood that the issuer’s board of directors will declare a dividend and the fact that the preferred shares may be subordinated to other securities of the same issuer. Certain additional risks associated with preferred shares could adversely affect investments in XPF:

- *Default Risk.* There is a chance that the issuer of any of preferred shares held by XPF will have its ability to pay dividends deteriorate or will default (fail to make scheduled dividend payments on the preferred shares or scheduled interest payments on other obligations of the issuer not held by XPF), which would negatively affect the value of any such holding.
- *Interest Rate Risk.* Because many preferred shares pay dividends at a fixed rate, their market price can be sensitive to changes in interest rates in a manner similar to bonds – that is, as interest rates rise, the value of the preferred shares held by XPF are likely to decline. To the extent that XPF invests a substantial portion of its assets in fixed rate preferred shares, rising interest rates may cause the value of XPF’s investments to decline significantly.
- *Issuer Risk.* Because many preferred shares allow holders to convert preferred shares into common shares of the issuer, their market price can be sensitive to changes in the value of the issuer’s common shares. To

the extent that XPF invests a substantial portion of its assets in convertible preferred shares, declining common share values may also cause the value of XPF's investments to decline.

General Risks of U.S. Debt Investments

Certain iShares Funds may invest, directly or indirectly, in U.S. debt securities. Investments in U.S. debt securities may involve unique risks not typically associated with investing in Canada. U.S. markets may be open on days when the applicable iShares Fund does not price its securities and, therefore, the value of the securities held, directly or indirectly, in the portfolios of the applicable iShares Fund may change on days when unitholders will not be able to purchase or sell Units.

Geographic Risk

Some markets in which certain iShares Funds invest, directly or indirectly, are located in parts of the world that have historically been prone to natural disasters such as earthquakes, volcanoes, drought or tsunamis and may be more economically sensitive to environmental events than developed markets. Any such event could result in a significant adverse impact on the economies of these countries and investments made in these countries.

High Yield Securities Risk

High yield securities risk is the risk that securities that are rated below investment grade (commonly referred to as "junk bonds," which include those bonds rated lower than "BBB-" by Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and Fitch Rating Service Inc., or "Baa3" by Moody's Investor's Services, Inc.), or are unrated but judged by BlackRock Canada or its affiliates to be of comparable quality, at the time of purchase, may be more volatile than higher-rated securities of similar maturity.

High yield securities may also be subject to greater levels of credit or default risk than higher-rated securities. The value of high yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price, and more difficult to value than higher-rated securities.

In particular, high yield securities are often issued by smaller, less creditworthy companies, or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms, to make scheduled payments of interest and principal. High yield securities may also be issued by sovereign governments of countries with less-well developed economies, political systems, and/or financial markets.

Income Trust Investments Risks

Income trust securities may be included in the applicable Index of certain iShares Funds. The value of income trusts and the stability of distributions from income trusts may fluctuate in accordance with changes in the financial conditions of those income trusts, the condition of equity markets generally, economic conditions, interest rates and other factors.

Generally, the declaration of trust or trust agreement under which an income trust is governed provides that no unitholder of such income trust shall be subject to any liability whatsoever to any person in connection with a holding of units. In addition, legislation in force in the Provinces of Ontario, Alberta, British Columbia, Manitoba, Saskatchewan and Quebec provides that the holders of units of an income trust that is (i) governed under the laws of such province and (ii) a reporting issuer under the securities laws of such province are not, as beneficiaries, liable for any act, default, obligation or liability of the income trust. However, there remains a risk that an iShares Fund that holds units in an income trust that is governed under the laws of a jurisdiction other than the Provinces of Ontario, Alberta, British Columbia, Manitoba, Saskatchewan or Quebec could be held liable for the obligations of such income trust to the extent that claims are not satisfied out of the assets of the income trust. Generally, income trusts publicly disclose that the risk of such liability is remote and undertake to manage their affairs to seek to minimize such risk wherever possible.

In 2006, the Federal government enacted provisions in the Tax Act that are applicable to certain trusts, including income trusts (but not including qualifying REITs) (the "**SIFT rules**"). A five-year transitional period in

which certain income trusts were exempted from the application of the SIFT rules has now expired. Under the SIFT rules, trusts (defined as “**SIFT trusts**”) the securities of which are listed or traded on a stock exchange or other public market and that hold one or more “non-portfolio properties” (as defined in the Tax Act) are effectively taxed on income and capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations. Certain issuers of securities included in the applicable Index of certain iShares Funds may be SIFT trusts. In such event, the after-tax returns realized by unitholders may be reduced to the extent that an iShares Fund receives distributions of income or capital gains from such SIFT trusts. In addition, it is possible that income trusts that have not already done so may undertake reorganization transactions to convert to corporate form, the costs of which may affect the return earned on an investment in such an income trust. Accordingly, the SIFT rules have had and may continue to have an effect on the trading price of investments in income trusts that are affected by the SIFT tax, and therefore on the return that may be realized on units of such an income trust held by an iShares Fund.

India Investments and S&P Nifty 50 Index Fund Risks

XID intends to invest, directly or indirectly, a large percentage of its net assets in securities issued by a limited number of issuers who are concentrated in India. XID may be adversely affected by the performance of those securities, may be subject to increased price volatility, and may be more susceptible to the risks associated with these particular issuers, or to a single economic, political, or regulatory occurrence affecting these issuers or India and its economy. Some particular risks associated with India include:

- (a) Asian Economic Risk – Certain Asian economies have experienced over-extension of credit, currency devaluations and restrictions, high unemployment, high inflation, decreased exports and economic recessions. Economic events in any one country can have a significant economic effect on the entire Asian region and any adverse events in the Asian markets may have a significant adverse effect on Indian companies.
- (b) Privatization Risk – India has begun a process of privatization of certain entities and industries. Historically, investors in some recently privatized entities have suffered losses due to the inability of the recently privatized company to adjust quickly to a competitive environment or changing regulatory and legal standards or, in some cases, due to re-nationalization of such privatized entities. There is no assurance that such losses will not recur.
- (c) Reliance on Trading Partners Risk – The Indian economy is dependent on commodity prices and the economies of Asia (mainly Japan and China) and the United States as key trading partners. Reduction in spending on Indian products and services by any of these trading partners or a slowdown or recession in any of these economies could adversely affect the Indian economy.
- (d) Security Risk – India has experienced acts of terrorism and has strained international relations with Pakistan, Bangladesh, China, Sri Lanka, and other neighbours due to territorial disputes, historical animosities, terrorism and other defence concerns. These situations may cause uncertainty in the Indian market and may adversely affect performance of the Indian economy.
- (e) Political and Social Risk – Disparities of wealth, the pace of economic liberalization and ethnic, religious, and racial disaffection may lead to social turmoil, violence and labour unrest in India. In addition, India continues to experience religious and border disputes as well as separatist movement in certain Indian states. Unanticipated political or social developments may result in sudden and significant investment losses.
- (f) Heavy Government Control and Regulations – The Indian government has implemented significant economic reforms in order to liberalize trade policy, promote foreign investment in the Indian economy, control the rate of inflation, reduce government control of the economy and develop market mechanisms. There can be no assurance these reforms will continue or that they will be effective. Despite recent reform and privatizations, heavy regulation of investment and industry is still pervasive and the Indian government may restrict foreign ownership of Indian corporations and repatriation of assets. Foreign ownership limits may restrict XID’s ability to

hold, directly or indirectly, securities of certain Indian issuers from time to time and may result in a premium on securities permitted to be held by foreign entities.

- (g) Expropriation Risk – Investing in India involves a great risk of loss due to expropriation, nationalization, confiscation of assets and property or the abrupt imposition of restrictions on foreign investments and the repatriation of capital already invested.
- (h) Large Government Debt Risk – The government of India has experienced chronic structural public sector deficits. High amounts of debt and public spending may stifle Indian economic growth, cause prolonged periods of recession, or lower India’s sovereign debt rating.
- (i) Economic Risk – The Indian economy has grown rapidly during the past several years and there is no assurance that this growth rate will be maintained. India may experience substantial (and, in some cases, extremely high) rates of inflation or economic recessions causing a negative effect on the Indian economy and securities market. India may also impose restrictions on the exchange or export of currency, institute adverse currency exchange rates or experience a lack of available currency hedging instruments. Any of these events could have a significant adverse effect on the Indian economy.

XID invests in the iShares S&P India Nifty 50 Index Fund, which employs an investment strategy that involves investing substantially all of its assets in a wholly-owned subsidiary (the “Subsidiary”) in the Republic of Mauritius. The Subsidiary in turn invests in Constituent Issuers. By using this structure, the iShares S&P India Nifty 50 Index Fund expects to obtain certain benefits under a current tax treaty between Mauritius and India.

The Subsidiary in Mauritius should be eligible to take advantage of the benefits of a current Double Tax Avoidance Agreement between India and Mauritius (“DTAA”). In order to be eligible to claim benefits under the DTAA, the Subsidiary must satisfy certain conditions, including the establishment and maintenance of valid tax residence in Mauritius. The Subsidiary has obtained a certificate from the Mauritius authorities providing that it is a resident of Mauritius under the DTAA. The certificate must be renewed annually. The Subsidiary is expected to maintain its Mauritius tax residency. In 2003, in response to a lower court challenge, the Supreme Court of India upheld the applicability of the DTAA to entities, such as the Subsidiary, that establish Mauritian residency for the purposes of qualifying for benefits under the DTAA by obtaining a valid residence certificate. It cannot be assured that the Mauritius authorities will successfully renew its certificate of tax residence annually. Recently, there have been reports in the Indian press that India is seeking to re-negotiate the DTAA. Members of the Indian parliament have also proposed legislation that could eliminate the benefits of the DTAA. No assurance can be given that the terms of the DTAA will not be re-negotiated, overridden by new Indian legislation or subject to a different interpretation in the future. Any change in the provisions of the DTAA or in its applicability to the Subsidiary could result in the imposition of withholding and capital gains taxes and other taxes on the Subsidiary by tax authorities in India. This could significantly reduce the return to XID on its investments. Canadian investors in XID would not receive any deduction or credit against their Canadian taxes for foreign taxes payable by the Subsidiary or by the iShares S&P India Nifty 50 Index Fund.

Indirect Investments in Certain U.S. Securities through U.S. iShares Funds Risks

Distributions paid on the shares of a U.S. iShares Fund are generally classified as dividends under U.S. tax rules and therefore subject to U.S. withholding taxes, even where the distributed income results from interest payments on fixed income or certain types of preferred securities. Interest income arising from direct investments in U.S. fixed income securities and certain types of preferred securities is generally not subject to U.S. withholding taxes. As a result, certain iShares Funds may earn less income from investments in U.S. iShares Funds than could have been otherwise earned from direct investments in Index Securities (see “Taxation of the iShares Funds” for additional information on the impact of withholding taxes on the iShares Funds).

The U.S. iShares Funds are currently able to avail themselves of Section 871(k) of the U.S. tax code, which allows certain distributions to be classified as arising from qualified interest income, and as a result, become exempt from U.S. withholding tax. Section 871(k) is currently scheduled to cease applying with respect to taxable years of a U.S. iShares Fund beginning after December 31, 2011. At the time of this prospectus, the status of a possible extension of these provisions is not certain.

Latin America Investments Risks

XLA intends to invest, directly or indirectly, a large percentage of its net assets in securities issued by issuers who are concentrated in Latin America. XLA may be adversely affected by the performance of those securities, may be subject to increased price volatility, and may be more susceptible to the risks associated with these particular issuers or to a single economic, political, or regulatory occurrence affecting these issuers or the economies of Latin America. Some particular risks associated with the region include:

- (a) Central and South American Economic Risk – The economies of certain Central and South American countries have experienced high interest rates, economic volatility, inflation, currency devaluations, and high unemployment rates. In addition, commodities (such as oil, gas, and minerals) represent a significant percentage of the region's exports and many economies in this region are particularly sensitive to fluctuations in commodity prices. Adverse economic events in one country may have a significant adverse effect on other countries of this region.
- (b) Security Risk – Some geographic areas in which XLA invests have experienced acts of terrorism or strained international relations due to territorial disputes, historical animosities, or other defence concerns. These situations may cause uncertainty in the markets of these geographic areas and may adversely affect the performance of the economies of the region.

Non-Capitalization Weighted Strategy Risks

The Dow Jones Canada Select Dividend Index uses a dividend-per-share weighting methodology. Weighting methodologies that do not automatically reflect changes in the market price of Constituent Issuers, such as a dividend-per-share weighting methodology, may lead to higher turnover in relation to the weight of the Constituent Issuers than capitalization weighted methodologies. Higher turnover may result in XDV realizing capital gains sooner, which would be distributed to investors annually as taxable capital gains.

Non-Replication Strategies Risk

Certain iShares Funds employ a stratified sampling strategy or hold a U.S. iShares Fund that employs a representative sampling strategy. A stratified sampling strategy involves seeking to replicate the performance of an index by holding a portfolio of securities selected such that the aggregate characteristics of the portfolio are reflective of the aggregate characteristics of the applicable index. Representative sampling is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the underlying index.

The stratified sampling strategy employed by certain iShares Funds can be expected to result in a greater deviation in performance relative to the applicable Index than a replication strategy. Replication is a strategy in which a fund invests in substantially all of the securities in an Index in approximately the same proportions as they are represented in that Index.

In the case of an iShares Fund which invests in one or more U.S. iShares Funds, where such U.S. iShares Fund employs a representative sampling strategy, any resulting performance differences between the U.S. iShares Fund and the relevant underlying index could also affect the performance of the iShares Fund relative to its applicable Index. A representative sampling strategy can be expected to result in a greater deviation in performance relative to the underlying index than a replication strategy.

Sector Risk

Because certain iShares Funds are invested in a specific sector or industry of the economy and are not diversified among different industry sectors, the trading price of each of these iShares Funds is expected to be more volatile than that of a fund with a more broadly diversified portfolio. The specific asset class risks applicable to these iShares Funds are as follows:

XBM. The market value of the Constituent Issuers held by XBM may vary with changes in the prices of industrial metals produced by Constituent Issuers operating in this sector. Prices for industrial metals can change

quickly and are sensitive to changes in the world economy. Since the world economy is cyclical, the demand for industrial metals and their prices also move in cycles which will affect the market value of Constituent Issuers in this sector. The market value of Constituent Issuers may also be affected by changes in the production costs of industrial metals as well as the costs associated with regulatory compliance, including environmental regulations.

XEG. The trading price of Units of XEG may vary with changes in the price of energy and related commodities. Commodity prices can change quickly. Because the energy industry is sensitive to changes in the world economy and because the economy is cyclical, the demand for products in the energy industry also moves in cycles which will affect the share price of issuers in this sector.

XFN. Profitability of issuers represented in the applicable Index for XFN depends on the availability and cost of capital funds and can fluctuate significantly when interest rates change. Losses resulting from financial difficulties of borrowers can negatively impact financial services issuers. Similarly, the extensive governmental regulation to which financial services issuers are subject may affect their profitability.

XGD. Gold prices are affected by international monetary and political events, speculators, inflation pressures and world supply and demand, and can change quickly. These changes may be reflected in changes in the share price of Constituent Issuers comprising the applicable Index for XGD.

XHC. Constituent Issuers in the healthcare sector may be affected by government regulations and government healthcare programs, changes in the cost of medical products and services, and product liability claims among other factors. Pharmaceutical and biotechnology firms face intense competition, the potential for product obsolescence, and may be adversely affected by the loss or impairment of intellectual property rights.

XIT. The technology industry is very competitive. Technology firms can experience rapid growth or rapid decline in a short time period and may also have short operating histories and short product life cycles. They may have limited product lines, markets, financial resources or personnel. Technology firms are also heavily dependent on intellectual property rights, and may be adversely affected by the loss or impairment of those rights. The market value of Constituent Issuers in this sector may be affected by these and other factors.

XMA. The market value of the Constituent Issuers held by XMA may vary with changes in the prices of materials produced by Constituent Issuers operating in this sector. Prices for materials can change quickly and are sensitive to changes in the world economy. Since the world economy is cyclical, the demand for materials and their prices also move in cycles, which will affect the market value of Constituent Issuers in this sector. The market value of Constituent Issuers may also be affected by changes in the production costs of raw materials as well as the costs associated with regulatory compliance, including environmental regulations.

XQQ. The NASDAQ Index has a heavy concentration in Constituent Issuers from the technology industry. The technology industry is very competitive. Technology firms can experience rapid growth or rapid decline in a short time period and may also have short operating histories and short product life cycles. They may have limited product lines, markets, financial resources or personnel. Technology firms are also heavily dependent on intellectual property rights, and may be adversely affected by the loss or impairment of those rights. The market value of Constituent Issuers in this sector may be affected by these and other factors.

XRE. REITs generally are subject to certain risks related to their direct ownership of real estate. Real property investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants and upon the vacancy rates of the property portfolio. There are also certain types of risks relating to the ownership of real estate, generally of a catastrophic nature, such as wars or environmental contamination, which may be either uninsurable or not insurable on an economically viable basis. In addition, environmental laws may render a REIT liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. Real estate ownership may also require certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges regardless of whether the property is producing any income.

XST. Constituent Issuers in the consumer staples sector may be affected by marketing campaigns, changes in consumer demands, government regulations, and changes to commodities prices. Firms involved in selling

directly to consumers may be highly sensitive to the value of their product brands and operate in a highly competitive environment.

XUT. Constituent Issuers in the utilities sector are subject to significant government regulations and review. They may be adversely affected due to increases in fuel and operating costs, rising costs of financing capital construction and the costs of regulatory compliance.

Smaller Issuer Risk

Certain iShares Funds may invest, directly or indirectly, in securities of smaller issuers. Smaller issuers may have limited operational history or have smaller market capitalizations and may be more volatile than larger issuers, due to a heightened sensitivity to release of company and economic news and vulnerability to adverse business and economic developments. The market for securities of smaller issuers may be less liquid than for larger issuers.

Real Return Bonds Investments Risk

XRB invests in real return bonds. Changes in levels of inflation may affect the value of XRB because the value of real return bonds is directly affected by inflation. The value of real return bonds tends to increase when inflation increases and tends to decrease when inflation decreases. This is the case even if the general level of interest rates is unchanged.

Risk Relating to Significant Investors

A significant proportion of the Units of an iShares Fund may be held by a single investor, including by another iShares ETF. If a significant investor were to buy or sell a substantial portion of Units of an iShares Fund, the market value of those Units might temporarily decline or increase, as the case may be, resulting in the Units being bought or sold at a discount or premium to the Net Asset Value per Unit of the iShares Fund. However, given that unitholders may subscribe for or exchange a Prescribed Number of Units of either iShares Fund at the Net Asset Value per Unit, BlackRock Canada believes that large discounts to the Net Asset Value per Unit of an iShares Fund should not be sustained. If a unitholder purchases Units of an iShares Fund at a time when the market price of a Unit is at a premium to the Net Asset Value per Unit or sells Units of an iShares Fund at a time when the market price of a Unit is at discount to the Net Asset Value per Unit, the unitholder may sustain a loss.

TSX Venture-Listed Securities Risk

XVX will invest in Constituent Issuers listed on the TSX Venture Exchange. The TSX Venture Exchange is a micro-capitalization, junior listings market. Securities of Constituent Issuers listed there are subject to substantially greater risks of loss and highly volatile price fluctuations because their earnings and revenues tend to be less predictable and their markets less liquid than companies with larger market capitalizations. These companies may also be highly speculative in nature and may not have established businesses. The Venture Index is highly concentrated in energy and raw material resource exploration companies; resource exploration tends to be capital intensive, involves significant risks, and is speculative in nature. Many such companies ultimately fail to develop into sustainable businesses. The prices of commodities and energy change quickly. Micro-capitalization companies may be newly formed or in the early stages of development, with limited product lines, markets or financial resources and may lack management depth. Companies listed on the TSX Venture Exchange are subject to less stringent oversight and listing requirements than apply to companies listed on the TSX.

Underlying Securities NAV Risk

The securities of the iShares ETFs in which certain iShares Funds invest may trade below, at, or above their respective net asset values per security. The net asset value per security will fluctuate with changes in the market value of an iShares ETF's holdings. The trading prices of the securities of the iShares ETFs in which certain iShares Funds invest will fluctuate in accordance with changes in the applicable iShares ETF's net asset value per security, as well as market supply and demand on the stock exchanges on which the iShares ETF is listed. However, given that securityholders may subscribe for or exchange a prescribed number of securities of the iShares ETF at the net

asset value per security (subject to a minimum number of shares), BlackRock Canada believes that large discounts or premiums to the net asset value per security of the iShares ETF should not be sustained.

If an iShares Fund purchases a security of an iShares ETF at a time when the market price of a security is at a premium to the net asset value per security or sells a security at a time when the market price of a security is at a discount to the net asset value per security, the iShares Fund may sustain a loss.

Voting of Index Securities

Unitholders holding less than the Prescribed Number of Units of the following iShares Funds will not have any right to vote Index Securities held by such iShares Fund, while they would have the right to vote if they owned the Prescribed Number of Units of such iShares Funds or held the Index Securities directly: XCG, XCS, XCV, XDV, XEG, XFN, XIC, XIT, XIU, XMA, XMD, XRE and XGD.

Unitholders of all other iShares Funds will not have any right to vote Index Securities held directly or indirectly by those iShares Funds, while they would have the right to vote if they owned the Index Securities directly.

DISTRIBUTION POLICY

On an annual basis, each iShares Fund will ensure that the net income and net realized capital gains of that iShares Fund have been distributed to such an extent that the iShares Fund will not be liable for ordinary income tax thereon. The tax treatment to unitholders of distributions is discussed under the heading “Income Tax Considerations – Taxation of Unitholders”.

Income Distributions

The following table shows the expected frequency and composition of cash distributions of the iShares Funds:

Fund	Income Distribution Frequency ⁽¹⁾	Primary Sources of Income:		
		Interest Payments	Securities Lending	Dividends & Distributions
XCG	Quarterly		√	√
XCS	Quarterly		√	√
XCV	Quarterly		√	√
XDV	Monthly		√	√
XEG	Quarterly		√	√
XEI	Monthly		√	√
XEN	Quarterly		√	√
XFN	Monthly		√	√
XIC	Quarterly		√	√
XIT	Quarterly		√	√
XIU	Quarterly		√	√
XMA	Quarterly		√	√
XMD	Quarterly		√	√
XRE	Monthly		√	√
XST	Quarterly		√	√
XUT	Monthly		√	√
XVX	Quarterly		√	√
XBB	Monthly	√	√	
XCB	Monthly	√	√	
XGB	Monthly	√	√	

Fund	Income Distribution Frequency ⁽¹⁾	Primary Sources of Income:		
		Interest Payments	Securities Lending	Dividends & Distributions
XHB	Monthly	√	√	
XLB	Monthly	√	√	
XRB ⁽²⁾	Semi-Annually	√	√	
XSB	Monthly	√	√	
XBZ ⁽⁴⁾	Semi-Annually		√	√
XCH ⁽⁴⁾	Semi-Annually			√
XEM ⁽⁴⁾	Semi-Annually		√	√
XID ⁽⁴⁾	Semi-Annually			√
XLA ⁽⁴⁾	Semi-Annually			√
XWD ⁽⁴⁾	Semi-Annually		√	√
XBM ⁽⁴⁾	Quarterly		√	√
XGD ⁽⁴⁾	Quarterly		√	√
XHC ^(3, 4)	Semi-Annually			√
XIN ^(3, 4)	Semi-Annually			√
XQQ ^(3, 4)	Semi-Annually		√	√
XSP ^(3, 4)	Semi-Annually			√
XSU ^(3, 4)	Semi-Annually			√
XPF ^(3, 4)	Monthly	√	√	√
XEB ^(3, 4)	Monthly	√		√
XHY ^(3, 4)	Monthly	√		√
XIG ^(3, 4)	Monthly	√		√

- (1) These are the current, expected frequencies of payment of income distributions. BlackRock Canada may, in its complete discretion, change the frequency of these distributions. Any such change will be announced via press release.
- (2) Income distributions representing inflation adjustments may be reinvested rather than paid in cash.
- (3) Income distributions from derivatives such as currency forward transactions may be reinvested rather than paid in cash.
- (4) Distributions received by these iShares Funds on the securities of foreign issuers in which they invest, including on securities of U.S. iShares Funds, will be treated as foreign source income. See “Income Tax Considerations – Taxation of the iShares Funds”.

Capital Gains Distributions

Capital gains distributions are expected to be made on an annual basis for all iShares Funds. While capital gains distributions will generally be paid in the form of reinvested distributions, they may also be paid in cash.

Return of Capital

In addition to the income and capital gains distribution amounts described above, distributions made by an iShares Fund may also consist of non-taxable amounts, such as a return of capital. For example, where an iShares Fund distributes amounts in excess of the iShares Fund’s net income and net realized capital gains for the relevant taxation year, such excess will be a return of capital. See “Income Tax Considerations – Taxation of Unitholders”.

Reinvested Distributions

To the extent that an iShares Fund has not otherwise distributed the full amount of its net income or net capital gains in cash in any year, the difference between such amount and the amount otherwise distributed by the iShares Fund in cash shall be paid as a “reinvested distribution”. Reinvested distributions will be automatically reinvested in additional Units of the applicable iShares Fund at a price equal to the Net Asset Value per Unit of the applicable iShares Fund and the Units of that iShares Fund will be immediately consolidated such that the number of outstanding Units of the applicable iShares Fund following the distribution will equal the number of Units of the applicable iShares Fund outstanding prior to the distribution.

Unitholders that are not unitholders of record on the record date for any distribution will not be entitled to receive that distribution.

PURCHASE OF UNITS

Initial Investment in the New iShares Funds

In compliance with NI 81-102, a New iShares Fund will not issue Units to the public until subscriptions aggregating not less than \$500,000 have been received and accepted by the New iShares Fund from investors other than persons or companies related to BlackRock Canada or its affiliates.

Issuance of Units

All orders to purchase Units directly from the iShares Funds must be placed by Underwriters. The iShares Funds reserve the absolute right to reject any subscription order placed by an Underwriter.

No fees will be payable by an iShares Fund to an Underwriter in connection with the issuance of Units. On the issuance of Units, BlackRock Canada may, at its discretion, charge an administrative fee to an Underwriter to offset any expenses incurred in issuing the Units.

On any Trading Day, an Underwriter may place a subscription order in the form and at the location prescribed by the applicable iShares Fund from time to time for the Prescribed Number of Units or for an integral multiple of the Prescribed Number of Units of the iShares Funds. The Prescribed Number of Units will be made available by BlackRock Canada on each Trading Day to Underwriters. BlackRock Canada may, at its discretion, increase or decrease the Prescribed Number of Units from time to time.

If a subscription order is received by the applicable iShares Fund at or before the cut-off time set out in the table below on the Trading Day of the subscription, and is accepted by that iShares Fund, the iShares Fund generally will issue to the Underwriter the Prescribed Number of Units (or an integral multiple thereof) within three Trading Days from the Trading Day of the subscription. The iShares Funds must receive payment for the Units subscribed for within three Trading Days from the Trading Day of subscription.

iShares Fund	Subscription Order Cut-off Time
iShares Canadian Equity Funds and iShares Canadian Fixed Income Funds	4:00 p.m. on a Trading Day (9:00 a.m. on any Trading Day on which the applicable Index is to be adjusted)
Other iShares Funds	9:40 a.m. on a Trading Day

Unless BlackRock Canada shall otherwise agree or the Master Declaration of Trust shall otherwise provide, as payment for a Prescribed Number of Units of any iShares Fund, an Underwriter must deliver subscription proceeds consisting of one Basket and cash in an amount sufficient so that the value of the Basket and cash delivered is equal to the Net Asset Value of the Prescribed Number of Units of the applicable iShares Fund next determined following the receipt of the subscription order.

BlackRock Canada may, in its complete discretion, instead accept subscription proceeds consisting of (i) cash only in an amount equal to the Net Asset Value of the Prescribed Number of Units of the applicable iShares Fund next determined following the receipt of the subscription order, plus (ii) if applicable, the Cash Creation Fee.

For XHB only, the Cash Creation Fee will be specified from time to time at the discretion of BlackRock Canada and will be made available on each Trading Day to Underwriters, or to others on request.

In any case in which a subscription order from an Underwriter is received by an iShares Fund on or after the date of declaration of a distribution by that iShares Fund payable in cash and before the ex-dividend on the TSX date for that distribution (generally, the second trading day prior to the record date or such other date where the purchaser becomes entitled to rights connected to the Units subscribed), an additional amount equal to the amount of cash per Unit of that distribution must be delivered in cash to the iShares Fund in respect of each issued Unit.

In addition to the issuance of Units as described above, Units may also be issued by the iShares Fund to unitholders on the automatic reinvestment of distributions as described under “Distribution Policy”, and “Income Tax Considerations - Taxation of the iShares Funds”. If necessary, Units of the applicable iShares Fund may also be issued in the case of an adjustment to an Index.

Buying and Selling Units

As the Units are, or in the case of the New iShares Funds, will be (subject to receiving conditional approval and meeting the TSX’s original listing requirements and a receipt being issued for the final prospectus of the New iShares Funds by the securities regulatory authorities) listed on the TSX, investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders. An investor may buy or sell Units on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors will incur customary brokerage commissions when buying or selling Units on the TSX. No fees are paid by a unitholder to BlackRock Canada or the iShares Funds in connection with the buying or selling of Units on the TSX.

Units of the iShares Funds may only be held through the book-entry only system administered by CDS. Unitholders in the iShares Funds will not have the right to receive certificates for Units. CDS is the owner of record for all Units of each iShares Fund. Unitholders owning Units are beneficial owners as shown on the records of CDS or its participants. CDS participants include securities brokers and dealers, banks, trust companies and other institutions that directly or indirectly maintain a custodial relationship with CDS. The iShares Funds allow unitholders to exchange or redeem Units but in order to exercise this right, a unitholder must rely on the procedures of CDS and its participants. See “Exchange and Redemption of Units” for important details.

Non-Resident Unitholders

In order for an iShares Fund to maintain its status as a mutual fund trust (for the purposes of the Tax Act), in certain circumstances, the iShares Fund cannot be established or maintained primarily for the benefit of non-residents of Canada. No iShares Fund will accept any subscription for Units from any person, issue any Units to any person or register or otherwise recognize the transfer of any Units to any person if, after giving effect thereto, the percentage of Units beneficially owned, directly or indirectly, by persons who are non-residents of Canada would be within 5% of, or would be otherwise approaching (as determined by BlackRock Canada), the limit permitted under the Tax Act, as amended from time to time. The Master Declaration of Trust includes a mechanism to permit the iShares Funds to sell Units held by non-resident persons when their holdings result in contravention of this restriction.

Units of the iShares Funds, including XID, have not been and will not be registered under the laws of India and are not intended to benefit from any laws in India promulgated for the protection of shareholders. No Units of XID shall be knowingly offered to, directly or indirectly, sold or delivered within India or to, transferred to, purchased by, held for or on the account of or for the benefit of, (i) any resident on India, including any corporation or other entity incorporated or registered under the Indian laws, (ii) any persons for re-offering or re-sale, directly or indirectly, in India or to a resident of India or any entity incorporated or registered in India or (iii) any non-resident Indian, Indian Overseas Corporate Body or Person of Indian Origin. XID will not accept any subscription for Units from any person, issue any Units to any person or register or otherwise recognize the transfer of any Units to any person, who is considered a resident of India. XID does not knowingly permit the sale or issuance of Units to residents of India.

Special Considerations for Unitholders

The iShares Funds have obtained exemptive relief from certain provisions contained in securities legislation such that the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, based upon exemptive relief granted by Canadian securities regulatory authorities, a unitholder may acquire more than 20% of the Units of any iShares Fund through purchases on the TSX without regard to the takeover bid requirements of applicable securities legislation, provided that the unitholder, as well as any person acting jointly or in concert with the unitholder, undertakes to BlackRock Canada not to vote more than 20% of the Units of that iShares Fund.

Market participants are permitted to sell Units of any iShares Fund short and at any price without regard to the restrictions of the Universal Market Integrity Rules adopted by Canadian securities regulatory authorities that generally prohibit selling securities short unless the price is at or above the last sale price.

Units of the iShares Funds are index participation units within the meaning of NI 81-102. Accordingly, mutual funds may purchase Units of the iShares Funds without regard to the control, concentration or “fund of funds” restrictions of NI 81-102.

Units of the iShares Funds are “mark-to-market property” for purposes of the “mark-to-market” rules in the Tax Act. These rules require taxpayers that are financial institutions within the meaning of the rules to recognize annually on income account any accrued gains and losses on securities that are “mark-to-market property”.

EXCHANGE AND REDEMPTION OF UNITS

Exchange of Units at Net Asset Value per Unit for Baskets and Cash

Unitholders of the iShares Funds may exchange the Prescribed Number of Units (or an integral multiple thereof) of any iShares Fund on any Trading Day for Baskets and cash, subject to the requirement that a minimum Prescribed Number of Units be exchanged. To effect an exchange of Units, a unitholder must submit an exchange request in the form and at the location prescribed by the applicable iShares Fund from time to time at or before the applicable cut-off time set out in the table below. The exchange price will be equal to the Net Asset Value of each Prescribed Number of Units tendered for redemption on the effective day of the exchange request, payable by delivery of Baskets (constituted as most recently published prior to the receipt of the exchange request) and cash. The Units will be redeemed in the exchange. BlackRock Canada will make available to Underwriters the Prescribed Number of Units and Basket for each iShares Fund following the close of business on each Trading Day and to others on request.

iShares Fund	Exchange Request Cut-off Time
iShares Canadian Equity Funds and iShares Canadian Fixed Income Funds	4:00 p.m. on a Trading Day (9:00 a.m. on any Trading Day on which the applicable Index is to be adjusted)
Other iShares Funds	9:40 a.m. on a Trading Day

BlackRock Canada may, upon the request of a unitholder and the consent of BlackRock Canada, satisfy an exchange request by delivering cash only in an amount equal to the Net Asset Value of the Prescribed Number of Units of the applicable iShares Fund next determined following the receipt of the exchange request. However, BlackRock Canada will satisfy an exchange request only in cash if the unitholder agrees to pay the Cash Exchange Fee.

For XHB only, the Cash Exchange Fee will be specified from time to time at the discretion of BlackRock Canada and will be made available on each Trading Day to Underwriters, or to others on request.

Unitholders should be aware that the Net Asset Value per Unit will decline on the date of declaration of any distribution payable in cash or Units. Unitholders that are not unitholders of record on the record date for any distribution will not be entitled to receive that distribution. However, unitholders exchanging Units on or after the date of declaration of any distribution payable in cash and before the ex-dividend date on the TSX for that distribution generally will receive the amount of the distribution on the third Trading Day after the effective day of the exchange request.

If an exchange request is not received by the applicable cut-off time set out in the table above, the exchange request will be effective only on the next Trading Day. Settlement of exchanges for Baskets and cash generally will be made by the third Trading Day after the effective day of the exchange request.

If securities of any iShares ETF or other issuers in which an iShares Fund has invested are cease traded at any time by order of a securities regulatory authority, the delivery of the Baskets to a unitholder on an exchange in the Prescribed Number of Units may be postponed until such time as the transfer of the Baskets is permitted by law.

In the case of an exchange request by a unitholder of an iShares Canadian Fixed Income Fund in excess of two times the Prescribed Number of Units, BlackRock Canada, in its discretion, may make payment of the exchange price by delivering to the unitholder, to the extent practicable, a pro rata portion of the aggregate principal amount of each of the bonds held by the iShares Canadian Fixed Income Fund or such other amount of bonds as BlackRock Canada shall determine, together with cash.

Redemption of Units for Cash

On any Trading Day, unitholders may redeem Units of an iShares Fund for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of the redemption. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a unitholder to BlackRock Canada or the iShares Funds in connection with selling Units on the TSX.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form and to the location prescribed by the applicable iShares Fund from time to time must be delivered to the iShares Fund by 9:00 a.m. on that day. If a cash redemption request is not received by 9:00 a.m. in such manner on a Trading Day, the cash redemption order will be effective only on the next Trading Day. The cash redemption request forms may be obtained from any registered broker or dealer.

Payment of the redemption price will generally be made on the third Trading Day after the effective day of the redemption. Unitholders that have delivered a redemption request prior to the distribution record date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units, an iShares Fund will generally dispose of securities or other assets.

Suspension of Exchange and Redemption

The exchange or redemption of Units may be suspended or postponed by any such iShares Fund provided that such suspension complies with applicable securities legislation.

Administrative Fee

BlackRock Canada may charge to unitholders, at its discretion, an administrative fee as a percentage of the exchange or redemption proceeds to offset certain transaction costs associated with the exchange or redemption of Units of certain iShares Funds. Currently, BlackRock Canada has set these discretionary administrative fees as follows:

- iShares Canadian Fixed Income Funds (other than XHB) – up to 0.05% of proceeds
- XHB, XIN, XPF and XVX – up to 0.15% of proceeds
- XSP and XSU – up to 0.07% of proceeds
- iShares International Equity Funds – up to 0.15% of proceeds
- iShares Currency Hedged International Fixed Income Funds – up to 0.15% of proceeds

Short-Term Trading

BlackRock Canada does not believe that it is necessary to impose any short-term trading restrictions on the iShares Funds at this time as the iShares Funds are exchange-traded funds that are primarily traded in the secondary market.

PRICE RANGE AND TRADING VOLUME OF UNITS

The following tables set forth the market price range and trading volume of the Units of the iShares Funds, other than the New iShares Funds, on the TSX for the calendar periods indicated. The market price range and trading volume for each of the iShares Funds set out below for April 2011 reflect the period from April 1, 2011 to April 7, 2011.

	<u>XBB</u> <u>Price Range</u>			<u>XBZ</u> <u>Price Range</u>			<u>XCB</u> <u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2010									
April	29.26	28.88	2,681	21.11	19.50	117	20.37	20.06	3,722
May	29.78	28.85	2,880	20.40	17.01	146	20.44	20.18	1,518
June	29.86	29.39	3,098	19.35	17.97	29	20.62	20.20	1,341
July	29.84	29.50	5,654	20.05	18.00	51	20.64	20.38	10,490
August	30.40	29.76	2,470	20.24	19.54	65	20.92	20.58	1,347
September	30.33	29.95	3,420	21.84	20.14	74	20.95	20.59	1,376
October	30.54	30.18	3,254	22.60	21.40	181	21.04	20.80	1,457
November	30.39	29.65	2,790	22.61	20.75	164	20.96	20.42	1,920
December	29.88	29.42	3,115	21.84	20.61	87	20.59	20.22	1,993
2011									
January	29.78	29.42	4,421	21.65	19.75	128	20.60	20.32	2,087
February	29.56	29.26	2,931	20.50	19.33	230	20.46	20.21	2,348
March	29.75	29.33	2,976	20.88	19.51	77	20.58	20.29	1,811
April	29.40	29.23	449	21.35	20.88	67	20.33	20.19	358
	<u>XCG</u> <u>Price Range</u>			<u>XCH</u> <u>Price Range</u>			<u>XCS</u> <u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2010									
April	22.30	21.27	141	21.66	19.71	217	15.49	14.95	1,287
May	22.49	20.43	187	20.14	18.76	136	15.39	13.32	2,010
June	22.12	20.73	66	20.98	19.49	79	15.12	14.00	723
July	21.49	20.05	57	21.10	19.72	85	14.67	13.69	632
August	22.78	21.29	50	20.99	20.02	41	15.19	14.50	731
September	23.23	22.32	79	21.34	20.35	104	16.24	15.23	601
October	23.85	23.00	85	23.00	21.27	292	16.89	15.86	716
November	24.86	23.53	58	23.30	21.30	232	17.79	16.54	1,096

	XCG			XCH			XCS		
	<u>Price Range</u>			<u>Price Range</u>			<u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
December	25.79	24.86	67	21.92	20.58	179	19.00	17.75	1,231
2011									
January	25.80	24.69	225	21.38	20.25	163	19.00	18.17	1,877
February	27.41	25.93	122	20.58	19.40	194	19.67	18.72	1,504
March	27.65	24.87	100	21.04	19.75	271	19.71	17.76	1,609
April	27.06	26.59	14	21.53	21.11	36	20.04	19.44	236
	XCV			XDV			XEG		
	<u>Price Range</u>			<u>Price Range</u>			<u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2010									
April	20.23	19.65	431	20.23	19.69	1,520	19.05	18.07	14,083
May	19.92	18.28	386	19.89	14.30	2,528	18.96	16.43	25,865
June	19.56	18.04	191	19.51	18.19	1,316	18.85	16.99	17,591
July	19.15	17.95	187	19.34	18.13	1,155	18.24	16.69	9,646
August	19.28	17.90	121	19.37	18.46	1,549	18.02	16.35	11,699
September	19.50	18.75	138	20.01	19.10	7,430	17.90	17.00	10,317
October	20.01	19.30	100	20.56	19.87	1,415	18.53	17.84	7,080
November	20.28	19.59	92	20.57	19.82	2,083	19.22	18.06	11,941
December	20.91	20.30	77	20.91	20.36	1,361	20.41	18.94	9,298
2011									
January	21.37	20.61	101	21.06	20.48	1,828	21.94	19.47	14,561
February	22.28	21.40	183	21.88	20.91	1,705	22.81	20.81	12,676
March	22.56	21.30	207	21.89	20.88	2,024	23.25	20.44	16,042
April	22.57	22.31	20	21.90	21.63	285	22.59	21.97	2,295
	XEM			XEN			XFN		
	<u>Price Range</u>			<u>Price Range</u>			<u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2010									
April	24.89	23.75	504	17.58	17.01	567	24.16	23.15	6,833
May	24.27	21.59	735	17.46	15.80	355	23.84	21.89	13,713
June	23.66	21.90	766	17.03	15.59	141	22.80	20.86	7,890
July	24.30	22.54	358	16.62	15.50	36	22.50	20.76	8,091
August	24.55	23.60	547	16.83	16.14	36	22.51	20.25	13,563
September	26.16	24.19	585	17.30	16.90	79	22.51	21.33	10,261
October	26.90	26.07	751	17.73	17.18	29	22.92	21.94	3,470
November	27.53	25.75	1,142	17.86	17.19	33	23.00	22.09	5,874
December	27.00	26.15	669	18.22	17.81	20	23.19	22.42	5,844
2011									
January	27.20	25.60	1,070	18.77	18.19	16	23.54	22.82	4,930
February	26.30	24.81	1,143	19.55	18.82	42	24.76	23.26	5,283

	<u>XEM</u>			<u>XEN</u>			<u>XFN</u>		
	<u>Price Range</u>			<u>Price Range</u>			<u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
March	26.73	24.89	631	19.77	18.64	46	25.06	23.92	6,179
April	27.24	26.79	99	19.75	19.50	10	25.27	24.83	406
	<u>XGB</u>			<u>XGD</u>			<u>XHB</u>		
	<u>Price Range</u>			<u>Price Range</u>			<u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2010									
April	20.23	20.01	651	22.53	19.93	14,173	N/A	N/A	N/A
May	20.67	20.00	1,018	24.00	21.22	19,590	N/A	N/A	N/A
June	20.71	20.40	1,044	24.43	22.08	10,362	N/A	N/A	N/A
July	20.70	20.40	559	23.11	20.97	6,458	N/A	N/A	N/A
August	21.08	20.61	640	25.11	21.48	9,389	N/A	N/A	N/A
September	21.08	20.77	1,192	25.40	23.62	17,856	20.33	20.19	39
October	21.22	20.96	859	25.67	23.86	15,190	20.54	20.24	1,048
November	21.09	20.58	776	27.14	24.51	14,598	20.50	19.93	164
December	20.75	20.41	925	27.67	25.61	10,572	20.27	19.90	166
2011									
January	20.70	20.41	836	25.77	22.72	11,507	20.28	20.20	214
February	20.48	20.28	672	25.42	23.30	9,482	20.33	20.05	133
March	20.63	20.30	560	25.34	23.00	7,725	20.38	20.00	346
April	20.40	20.27	88	25.81	24.41	2,988	20.18	20.01	46
	<u>XHY</u>			<u>XIC</u>			<u>XID</u>		
	<u>Price Range</u>			<u>Price Range</u>			<u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2010									
April	20.61	20.05	663	19.42	18.85	4,775	21.58	20.63	132
May	20.58	18.75	1,386	19.39	17.64	5,756	21.07	19.09	66
June	20.13	19.19	1,001	19.10	17.73	4,414	21.26	19.54	31
July	20.44	19.35	891	18.65	17.45	3,601	21.25	20.83	26
August	20.37	19.81	1,212	18.94	18.11	3,005	21.87	20.91	42
September	20.53	19.95	1,146	19.55	18.90	5,065	24.35	21.54	86
October	20.80	20.37	939	20.03	19.33	3,804	25.00	24.05	141
November	21.07	20.05	1,220	20.71	19.74	3,054	25.54	22.46	190
December	20.75	20.34	874	21.36	20.67	4,327	24.00	22.52	100
2011									
January	21.04	20.73	828	21.44	20.71	3,987	24.14	20.84	152
February	21.20	20.91	1,077	22.38	21.52	2,851	21.29	19.90	360
March	21.19	20.55	1,788	22.61	20.91	3,239	22.38	20.45	150
April	21.14	20.99	132	22.54	22.18	369	22.75	22.25	25

	<u>XIG</u> <u>Price Range</u>			<u>XIN</u> <u>Price Range</u>			<u>XIT</u> <u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2010									
April	20.35	19.85	117	19.20	18.11	2,517	7.53	7.20	1,595
May	20.45	20.02	53	18.52	15.91	5,883	7.59	7.04	969
June	20.61	20.08	56	17.78	16.05	3,053	7.28	6.54	501
July	20.88	20.48	125	17.43	15.88	2,234	7.08	6.48	348
August	21.46	20.75	119	17.62	16.21	2,370	6.97	6.46	329
September	21.46	21.03	153	17.82	16.81	2,620	6.89	6.47	494
October	21.58	21.18	38	18.06	17.24	1,989	7.15	6.69	547
November	21.50	20.78	81	18.35	17.53	2,355	7.41	7.02	850
December	20.88	20.30	90	18.75	17.91	2,995	7.57	7.34	664

2011									
January	20.85	20.57	65	19.06	18.37	3,408	7.90	7.42	588
February	20.77	20.34	67	19.43	18.61	2,797	8.61	7.81	1,167
March	20.89	20.55	52	19.19	15.74	3,313	8.55	7.88	909
April	20.71	20.53	30	18.80	18.60	616	8.45	8.17	186

	<u>XIU</u> <u>Price Range</u>			<u>XLA</u> <u>Price Range</u>			<u>XLB</u> <u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2010									
April	18.16	17.57	290,239	21.23	20.08	38	19.60	19.28	584
May	18.13	16.60	334,643	20.70	18.11	34	20.14	19.46	449
June	17.90	16.50	212,699	20.00	18.81	10	20.33	19.67	452
July	17.37	16.26	135,866	20.67	19.39	21	20.30	19.87	803
August	17.61	16.78	175,000	20.91	20.00	10	20.89	20.12	689
September	17.99	17.55	211,886	22.17	20.86	23	21.25	20.42	1,089
October	18.42	17.78	117,512	22.94	22.08	94	21.26	20.83	1,183
November	18.85	18.05	201,791	23.43	22.23	66	21.09	20.18	717
December	19.35	18.81	184,589	23.16	22.37	30	20.69	19.96	847

2011									
January	19.64	18.85	150,077	23.07	21.60	30	20.61	19.98	629
February	20.50	19.65	158,216	22.19	21.24	24	20.29	19.87	1,001
March	20.71	19.25	198,557	22.20	20.87	41	20.39	19.87	523
April	20.58	20.21	44,097	22.59	22.35	4	20.13	19.86	202

	<u>XMA</u> <u>Price Range</u>			<u>XMD</u> <u>Price Range</u>			<u>XPF</u> <u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2010									
April	19.17	17.76	1,821	19.70	19.13	575	N/A	N/A	N/A
May	19.50	17.16	1,662	19.62	17.53	819	N/A	N/A	N/A
June	19.05	17.81	940	19.25	18.06	614	N/A	N/A	N/A
July	18.10	17.03	1,283	19.16	17.75	414	N/A	N/A	N/A

	<u>XMA</u> <u>Price Range</u>			<u>XMD</u> <u>Price Range</u>			<u>XPF</u> <u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
August	21.02	17.91	915	19.56	18.70	274	N/A	N/A	N/A
September	21.68	20.19	829	20.73	19.60	400	N/A	N/A	N/A
October	22.32	21.07	671	21.61	20.53	640	N/A	N/A	N/A
November	23.84	21.85	1,329	22.67	21.39	491	20.19	20.01	75
December	24.92	23.29	2,075	23.50	22.55	467	20.07	19.70	879

2011

January	24.37	22.12	1,774	23.36	22.60	685	20.21	19.95	189
February	24.44	23.23	1,603	24.10	23.28	805	20.25	19.96	154
March	24.62	21.79	3,110	24.45	22.31	1,025	20.25	20.06	120
April	25.19	23.79	477	24.61	24.11	110	20.33	20.16	30

	<u>XRB</u> <u>Price Range</u>			<u>XRE</u> <u>Price Range</u>			<u>XSB</u> <u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2010									
April	20.93	20.50	1,648	12.29	11.78	2,296	28.87	28.49	4,267
May	21.12	20.60	1,787	12.34	9.50	5,956	29.07	28.68	1,832
June	21.14	20.58	1,974	12.40	11.61	3,363	29.17	28.83	1,685
July	20.96	20.43	1,465	12.72	11.94	1,649	29.16	28.85	1,278
August	21.51	20.62	1,060	13.25	12.50	1,905	29.38	29.05	1,183
September	22.22	21.19	1,519	13.90	13.23	2,797	29.30	29.11	1,501
October	22.47	21.81	1,421	14.15	13.68	2,167	29.36	29.16	1,314
November	22.33	21.40	2,542	14.21	13.23	2,683	29.26	28.85	1,537
December	22.30	21.36	1,796	13.54	13.15	4,200	29.01	28.80	1,489
2011									
January	22.10	21.19	2,058	14.07	13.45	4,098	28.93	28.74	2,096
February	21.87	20.86	1,833	14.55	13.84	1,852	28.87	28.66	1,683
March	22.35	21.60	1,151	15.17	13.91	2,569	28.95	28.67	2,634
April	22.34	22.06	176	15.12	14.70	700	28.72	28.61	541

	<u>XSP</u> <u>Price Range</u>			<u>XSU</u> <u>Price Range</u>			<u>XWD</u> <u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2010									
April	14.11	13.55	7,155	16.35	14.87	824	23.12	22.40	131
May	13.95	11.94	17,174	16.06	13.39	2,017	22.65	19.50	181
June	13.07	11.80	10,742	14.83	13.26	945	21.46	20.30	171
July	12.85	11.58	4,963	14.66	12.86	984	21.78	20.23	129
August	12.97	11.95	5,209	14.50	12.83	896	22.04	20.95	75
September	13.28	12.21	6,498	14.85	13.42	627	22.64	21.50	88
October	13.73	13.00	7,867	15.53	14.50	350	23.32	22.20	142
November	14.10	13.51	6,427	16.09	15.12	438	23.54	22.57	81
December	14.88	13.80	5,291	17.30	16.10	489	24.01	22.87	83

	<u>XSP</u> <u>Price Range</u>			<u>XSU</u> <u>Price Range</u>			<u>XWD</u> <u>Price Range</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>Volume</u> <u>(000's)</u>
2011									
January	14.90	14.43	4,302	17.62	16.66	948	24.22	23.24	198
February	15.40	14.81	4,488	18.19	17.06	633	24.78	23.97	111
March	15.30	14.33	6,592	18.31	16.87	573	24.40	22.85	156
April	15.36	15.23	935	18.66	18.34	172	24.10	23.80	10

INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the iShares Funds and for a prospective investor in an iShares Fund that, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of the iShares Fund as capital property, and is not affiliated and deals at arm's length with the iShares Fund. This summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof, and counsel's understanding of the current published administrative and assessing policies of the Canada Revenue Agency. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.

This summary is also based on the assumptions that (i) none of the issuers of securities held by an iShares Fund will be a foreign affiliate of the iShares Fund or any unitholder, (ii) none of the securities held by an iShares Fund will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, (iii) none of the securities held by an iShares Fund will be an interest in a non-resident trust other than an "exempt foreign trust" as defined in certain proposed amendments to the Tax Act relating to non-resident trusts (iv) none of the securities held by an iShares Fund will be an interest in a non-resident trust that is deemed to be a controlled foreign affiliate of the iShares Fund for the purposes of the Tax Act, and (v) no iShares Fund will enter into any arrangement where the result is a dividend rental arrangement for the purposes of the Tax Act.

Status of the iShares Funds

This summary is based on the assumption that each of the iShares Funds will comply at all material times with the conditions prescribed in the Tax Act and otherwise so as to qualify as a "mutual fund trust" as defined in the Tax Act. Counsel is advised that each of the iShares Funds anticipates that it will qualify as a "mutual fund trust" under the Tax Act at all material times. If an iShares Fund does not qualify as a "mutual fund trust" under the Tax Act, the income tax consequences would differ materially from those described below.

Provided that the Units of the iShares Funds are and continue to be listed on a "designated stock exchange" within the meaning of the Tax Act, which includes the TSX, or that the iShares Funds continue to qualify as mutual fund trusts under the Tax Act or are registered investments under the Tax Act, the Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts ("**Registered Plans**"). In the opinion of counsel, the Units will qualify as "marketable securities" as that term is used in the Tax Act provided that the Units are and continue to be listed on the TSX.

In the case of an exchange of Units of any iShares Fund for a Basket, a unitholder may receive securities. The securities received by a unitholder as a result of an exchange of Units may or may not be qualified investments

for Registered Plans. Unitholders should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans.

At the date hereof, the assets of a pension plan may be invested in Units provided that the assets of such pension plan are invested in accordance with the applicable regulations, investment criteria and statement of investment policies and procedures established for such pension plan.

The SIFT rules in the Tax Act effectively tax certain income of a SIFT trust that is distributed to its investors on the same basis as would have applied had the income been earned through a taxable corporation and distributed by way of dividend to its shareholders. On December 16, 2010, the Minister of Finance (Canada) released proposed amendments to the SIFT rules in the Tax Act for public comment (the “**December 16, 2010 Tax Proposals**”). If enacted as proposed, the December 16, 2010 Tax Proposals, which are generally relieving in nature, will be effective for the 2011 and subsequent taxation years and also on an elective basis for earlier taxation years. Although one of the iShares Funds, XRE, could be considered to be a SIFT trust under the SIFT rules as currently enacted, XRE will at no time be a SIFT trust if the December 16, 2010 Tax Proposals are enacted as proposed, and if XRE makes certain tax elections. The balance of this summary assumes that the December 16, 2010 Tax Proposals will be enacted as proposed and that such tax elections will be made. More generally, this summary assumes that none of the iShares Funds will at any time be a SIFT trust. If an iShares Fund were a SIFT trust, the income tax considerations described below would, in some respects, be materially different for that iShares Fund and its unitholders.

Taxation of the iShares Funds

In computing its income an iShares Fund will include taxable distributions received and considered to be received on securities held by it and the taxable portion of capital gains realized by the iShares Fund on the disposition of securities held by it, including securities of iShares ETFs, where applicable. The Master Declaration of Trust governing the iShares Funds requires that each iShares Fund distribute its net income and net realized capital gains, if any, for each taxation year of the iShares Fund to unitholders to such an extent that the iShares Fund will not be liable in any taxation year for ordinary income tax (after taking into account any applicable losses of each iShares Fund and the capital gains refunds to which the iShares Fund is entitled). If in a taxation year the income for tax purposes of an iShares Fund exceeds the cash available for distribution by the iShares Fund, the iShares Fund will distribute all or a portion of its income through a payment of reinvested distributions.

An iShares Fund will include in computing its income any interest accruing to it on bonds held in its portfolio. In the case of XRB or any other iShares Fund holding real return or inflation adjusted bonds, any amounts in respect of inflation-related adjustments to the principal amount of the bonds will be deemed to be interest for this purpose. Any such amounts of accrued interest and deemed interest will be reflected in distributions to unitholders.

The iShares Funds are subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when an iShares Fund acquires a property (a “**substituted property**”) that is the same or identical to the property sold, within 30 days before and 30 days after the disposition and the iShares Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the applicable iShares Fund cannot deduct the loss from the iShares Fund’s capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale, which may increase the amount of net realized capital gains of the iShares Fund to be made payable to its unitholders.

Each iShares Fund is required to compute its income and gains for tax purposes in Canadian dollars and may therefore realize foreign exchange gains or losses in respect of investments that are not Canadian dollar denominated. Such foreign exchange gains and losses may be taken into account in computing its income for tax purposes, although in some cases such gains or losses may be offset by hedging transactions.

An iShares Fund may derive income or gains from investments in the United States and other foreign countries and, as a result, may be liable to pay tax to such countries. Such an iShares Fund may designate a portion of its foreign source income in respect of a unitholder so that such income and a portion of the foreign tax paid by the iShares Fund may be regarded as foreign source income of, and foreign tax paid by, the unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

iShares Funds Holding Publicly-Traded Trust Securities

In the case of an iShares Fund holding REIT or income trust securities, the iShares Fund will be required to include in computing its income for tax purposes for any year the amount (computed in Canadian dollars) of net income and net taxable capital gains, if any, of each Canadian income trust or REIT (“**Publicly-Traded Trust**”) included in its portfolio that are paid or payable to it in the year. Provided that the appropriate designations are made on a timely basis by each such Publicly-Traded Trust, taxable dividends including eligible dividends received by each Publicly-Traded Trust from taxable Canadian corporations, net taxable capital gains of each Publicly-Traded Trust and income received by each Publicly-Traded Trust from foreign sources will effectively retain their character in the hands of the iShares Fund. As described above, the iShares Fund will make the appropriate designations in respect of amounts which form part of the net income of the iShares Fund that is distributed to its unitholders so that such amounts will effectively retain their character in the hands of its unitholders. Publicly-Traded Trusts in which an iShares Fund invests generally claim capital cost allowance and other tax deductions such that their cash distributions may exceed the amount required to be included in the income of their security holders. Any such excess amount received by the iShares Fund from a Publicly-Traded Trust will generally not be included in the iShares Fund’s income for the year; however, it will reduce the adjusted cost base of the iShares Fund’s investment in the securities of the Publicly-Traded Trust by that amount. To the extent that the adjusted cost base of the iShares Fund’s securities of a Publicly-Traded Trust would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the iShares Fund and the adjusted cost base of the applicable securities to the iShares Fund will then be nil immediately thereafter.

Where a Publicly-Traded Trust is subject to the SIFT rules, distributions of the Publicly-Traded Trust’s “non-portfolio earnings” will not be deductible in computing the Publicly-Traded Trust’s net income. Non-portfolio earnings are generally defined as income (other than certain dividends) from, and capital gains from the disposition of, “non-portfolio properties”, as defined in the Tax Act. Such non-deductible distributions paid to a holder of units of the Publicly-Traded Trust will generally be treated as eligible dividends.

iShares Funds Holding Derivative Securities

Generally, each iShares Fund holding derivatives as a substitute for direct investment will include gains and deduct losses on income account in connection with its derivative activities and will recognize such gains or losses for tax purposes at the time they are realized by the iShares Fund. Where an iShares Fund uses derivatives to hedge foreign currency exposure with respect to securities held on capital account, gains or losses realized on such derivatives will be treated as capital gains or losses in accordance with the Canada Revenue Agency’s published administrative practice.

Taxation of Unitholders

Distributions

A unitholder will be required to include in the unitholder’s income for tax purposes for any year the amount (computed in Canadian dollars) of net income and net taxable capital gains of the iShares Fund, if any, paid or payable to the unitholder in the year and deducted by the iShares Fund in computing its income, whether or not such amounts are reinvested in additional Units, including in the case of unitholders who receive Management Fee Distributions to the extent they are paid out of net income and net taxable capital gains of the iShares Funds.

The non-taxable portion of any net realized capital gains of an iShares Fund that is paid or payable to a unitholder in a taxation year will not be included in computing the unitholder’s income for the year and, provided appropriate designations are made by the iShares Fund, will not reduce the adjusted cost base of the unitholder’s Units of that iShares Fund. Any other non-taxable distribution, such as a return of capital, will reduce the unitholder’s adjusted cost base. To the extent that a unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the unitholder and the unitholder’s adjusted cost base will be nil immediately thereafter.

Each iShares Fund will designate to the extent permitted by the Tax Act the portion of the net income distributed to unitholders as may reasonably be considered to consist of, respectively, (i) taxable dividends

(including eligible dividends) received or considered to be received by the iShares Fund on shares of taxable Canadian corporations and (ii) net taxable capital gains realized or considered to be realized by the iShares Fund. Any such designated amount will be deemed for tax purposes to be received or realized by unitholders in the year as a taxable dividend (including an eligible dividend) and as a taxable capital gain, respectively. The dividend gross-up and tax credit treatment normally applicable to taxable dividends paid to an individual by a taxable Canadian corporation (including the enhanced gross-up and dividend tax credit applicable to dividends designated by the paying corporation as eligible dividends in accordance with the provisions of the Tax Act) will apply to amounts designated by the applicable iShares Fund as such taxable dividends (or as such eligible dividends). Capital gains so designated will be subject to the general rules relating to the taxation of capital gains described below. In addition, each iShares Fund will similarly make designations in respect of its income from foreign sources, if any, so that, for the purpose of computing any foreign tax credit that may be available to a unitholder, the unitholder will generally be deemed to have paid as tax to the government of a foreign country that portion of the taxes paid by the iShares Fund to that country that is equal to the unitholder's share of the iShares Fund's income from sources in that country. Any loss of an iShares Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the unitholders of such iShares Fund.

Composition of Distributions

Unitholders will be informed each year of the composition of the amounts distributed to them, including amounts in respect of both cash and reinvested distributions. This information will indicate whether distributions are to be treated as ordinary income, taxable dividends (eligible dividends or dividends other than eligible dividends), taxable capital gains, non-taxable amounts and foreign source income, and whether foreign tax has been paid for which the unitholder might be able to claim a foreign tax credit, where those items are applicable.

Taxation of the iShares Funds' Distribution Policy

When a unitholder acquires Units in an iShares Fund, a portion of the price paid may reflect income and realized capital gains of the iShares Fund that have not been distributed, and accrued capital gains that have not been realized, by the iShares Fund. This may particularly be the case near year-end before year-end distributions have been made. When and if such income and realized capital gains are distributed by the iShares Fund, and when and if such accrued capital gains are realized and distributed, such income and gains must be taken into account by the unitholder in computing its income for tax purposes even though such amounts may have been reflected in the price paid by the unitholder. If the amounts of such distributions are reinvested in additional Units of the iShares Fund, the amounts will be added to the unitholder's adjusted cost base of its Units.

Capital Gains

Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the unitholder to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the unitholder of the Unit and any reasonable costs of disposition. The adjusted cost base of Units held by unitholders must be calculated separately for Units of each iShares Fund held by the unitholder. In general, the adjusted cost base of all Units of a particular iShares Fund held by the unitholder is the total amount paid for Units of that iShares Fund (including brokerage commissions paid and the amount of reinvested distributions), regardless of when the investor bought them, less any non-taxable distributions (other than the non-taxable portion of capital gains) such as a return of capital and less the adjusted cost base of any Units of that iShares Fund previously redeemed/exchanged by the unitholder. For the purpose of determining the adjusted cost base of Units of an iShares Fund to a unitholder, when Units of the iShares Fund are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units of that iShares Fund owned by the unitholder as capital property immediately before that time.

If an iShares Fund realizes income or capital gains as a result of a transfer or disposition of its property undertaken to permit an exchange or redemption of Units by a unitholder, all or a portion of the amount received by the unitholder may be designated and treated for income tax purposes as a distribution to the unitholder out of such income or capital gains rather than being treated as proceeds of disposition of the Units.

Where Units of an iShares Fund are exchanged by the redeeming unitholder for Baskets, the proceeds of disposition to the unitholder of the Units will be equal to the fair market value of the Baskets so received, plus the

amount of any cash received on the exchange, and less any capital gain or income realized by the iShares Fund as a result of the transfer of those Baskets which has been designated by the iShares Fund to the unitholder. The cost for tax purposes of securities acquired by a redeeming unitholder on the exchange or redemption of Units of the iShares Fund for Baskets will generally be the fair market value of such securities at that time. Where, on an exchange of Units for Baskets, a unitholder receives a bond on which interest has accrued but is not payable at the time of the exchange, the unitholder will generally include such interest in income in accordance with the Tax Act, but will be entitled to offset such amount by a deduction for such accrued interest. The unitholder's adjusted cost base for tax purposes of the bond will be reduced by such amount of accrued interest.

One half of any capital gain realized by a unitholder and the amount of any net taxable capital gains realized or considered to be realized by an iShares Fund and designated by the iShares Fund in respect of a unitholder will be included in the unitholder's income as a taxable capital gain. One half of a capital loss realized by a unitholder will be an allowable capital loss that may be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

Taxation of Registered Plans

In general, the amount of a distribution paid or payable to a Registered Plan from an iShares Fund and gains realized by a Registered Plan on a disposition of a Unit will not be taxable under the Tax Act. As is the case for all investments held in Registered Plans, amounts withdrawn from a Registered Plan (other than from a tax-free savings account or a return of contributions from a registered education savings plan or certain withdrawals from a registered disability savings plan) will generally be subject to tax.

ADDITIONAL TAX DISCLOSURE RELATED TO INVESTMENTS IN XID

XID invests in a U.S. iShares Fund that employs an investment strategy that involves investing substantially all of its assets in a wholly-owned Subsidiary in the Republic of Mauritius. The Subsidiary in turn invests in Constituent Issuers. By using this structure, the U.S. iShares Fund held by XID expects to obtain certain benefits under the DTAA. In order to be eligible to claim benefits under the DTAA, the Subsidiary must satisfy certain conditions, including the establishment and maintenance of valid tax residence in Mauritius. The Subsidiary has obtained a certificate from the Mauritius authorities providing that it is a resident of Mauritius under the DTAA. The certificate must be renewed annually. The Subsidiary is expected to maintain its Mauritius tax residency. It cannot be assured that the Mauritius authorities will successfully renew its certificate of tax residence annually. The Subsidiary is subject to tax in Mauritius on its net income at a rate of 15%. However, a system of foreign tax credits effectively reduces the Mauritius income tax rate to a maximum of 3%. Further, the Subsidiary is not subject to capital gains tax in Mauritius nor is it subject to tax in Mauritius on any gains from the sale of securities. Any dividends paid by the Subsidiary to the U.S. iShares Fund held by XID will also be exempt from tax in Mauritius. The foregoing is based upon current interpretation and practice and is subject to future changes in the tax laws of India or Mauritius and in the DTAA.

ORGANIZATION AND MANAGEMENT DETAILS OF THE iSHARES FUNDS

Executive Officers and Directors of BlackRock Canada

The following are the names, municipalities of residence, offices and principal occupations of the directors and executive officers of BlackRock Canada:

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
William Chinery Toronto, Ontario	Chief Executive Officer and Director	Managing Director (Country Head – Canada), BlackRock Canada
Eric Léveillé Longueuil, Quebec	Managing Director and Director	Managing Director (Head of Canadian Institutional Business), BlackRock Canada

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
Mary Anne Wiley Toronto, Ontario	Managing Director and Director	Managing Director (Head of Distribution, iShares Canada), BlackRock Canada
Paul Greenberg, Chappaqua, New York	Chief Financial Officer	Managing Director (Finance – General Accounting), BlackRock Canada
Margaret Gunawan Toronto, Ontario	Chief Compliance Officer and Secretary	Director (Legal and Compliance), BlackRock Canada

All executive officers and directors listed above held their current position or other positions with BlackRock Canada during the past five years except as follows:

Paul Greenberg has been Chief Financial Officer of BlackRock Canada since December 2009 and joined BlackRock in 1998. Currently, Paul is a Managing Director in BlackRock's Finance Department and is responsible for the accounting operations for all Americas business of BlackRock. Prior to joining BlackRock, Paul was employed by Alliance Capital and certain other asset managers as well as Ernst & Young LLP. Paul holds an undergraduate degree in Accounting from the State University of New York at Oneonta and a Master of Business Administration degree in Finance from The University of Connecticut. Paul is also a Certified Public Accountant and holds a Series 27; Financial and Operations Principal designations.

Trustee, Manager and Portfolio Adviser

BlackRock Canada is the trustee, manager and portfolio adviser of the iShares Funds. As trustee and manager of the iShares Funds, BlackRock Canada also acts as portfolio adviser and is responsible for the operations of the iShares Funds, including the management of the iShares Funds' investment portfolios and the valuation of each of the iShares Funds' assets. BlackRock Canada is entitled to a management fee for acting as trustee, manager and portfolio adviser of the iShares Funds as described under "Fees and Expenses". BlackRock Canada may resign as trustee of any of the iShares Funds by giving not less than 60 days' prior written notice to unitholders of that iShares Fund. BlackRock Canada may appoint a successor trustee, but if no such successor trustee is appointed within 30 days of BlackRock Canada's resignation, the applicable iShares Fund will be terminated and its net assets distributed to unitholders.

The principal office of BlackRock Canada is 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario M5J 2S1.

BlackRock Canada will make available on its web site, www.ishares.ca, daily or more frequently, the following information for each iShares Fund:

- Net Asset Value;
- Net Asset Value per Unit; and
- Units outstanding.

BlackRock Canada is an indirect, wholly-owned subsidiary of BlackRock. BlackRock is a leader in investment management, risk management and advisory services for institutional and retail clients worldwide. At December 31, 2010, BlackRock's assets under management was \$3.561 trillion. BlackRock offers products that span the risk spectrum to meet clients' needs, including active, enhanced and index strategies across markets and asset classes. Products are offered in a variety of structures including separate accounts, mutual funds, iShares® (exchange traded funds), and other pooled investment vehicles. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through BlackRock Solutions®. Headquartered in New York City, as of December 31, 2010, the firm has approximately 9,100 employees in 25 countries and a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa.

Duties and Services to be Provided by BlackRock Canada

Pursuant to the Master Declaration of Trust, BlackRock Canada is responsible for providing managerial, administrative and compliance services to the iShares Funds, including purchasing and selling portfolio securities on behalf of the iShares Funds, and providing or arranging for required services to the iShares Funds including, without limitation:

- (a) authorizing the payment of fees, expenses or disbursements incurred on behalf of the iShares Funds that are the responsibility of the iShares Funds;
- (b) preparing reports to unitholders and the securities regulatory authorities, including interim and annual MRFPs and financial statements;
- (c) determining the amount of distributions to be made by the iShares Funds; and
- (d) negotiating contractual agreements with service providers, including the Underwriters, sub-adviser, custodian, registrar and transfer agent and auditor.

Governance

BlackRock Canada, as trustee, is responsible for governance of the iShares Funds. BlackRock Canada has established appropriate policies, contained in a policy manual, designed to recognize BlackRock Canada's obligation to act in the best interest of the iShares Funds and their unitholders and to place their interests ahead of the personal interests of the officers and employees of BlackRock Canada. These policies include:

- a personal trading policy;
- an insider trading policy;
- a confidentiality policy;
- a trade allocation policy; and
- a code of conduct governing business conduct.

In addition, each employee of BlackRock Canada is required to certify annually that such person has read and complied with the policy manual.

BlackRock Canada has implemented an appropriate system of procedures and internal controls, including designation of employees responsible for monitoring and complying with regulatory and corporate requirements.

Sub-Adviser

BlackRock Canada has appointed BTC, a national banking association organized under the laws of the United States that operates as a limited purpose trust company, as the sub-adviser of the iShares Funds. As sub-adviser, BTC is responsible for the investment management activities of the iShares Funds, subject to the policies, control and supervision of BlackRock Canada. BTC is an indirect, wholly-owned subsidiary of BlackRock and an affiliate of BlackRock Canada.

BlackRock Canada remains responsible for the management of each of the iShares Funds, including the management of their investment portfolios and the investment advice provided by BTC. In particular, BlackRock Canada is responsible for any loss that arises out of the failure of BTC to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the iShares Funds or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. It may be difficult to enforce legal rights against BTC (and its personnel) because it is resident outside Canada and all of its assets are located outside Canada.

BTC's principal office is located in San Francisco, California. Its primary regulator is the Office of the Comptroller of the Currency (the "OCC"), the agency of the U.S. Treasury Department that regulates United States national banks.

Portfolio management at BTC is conducted by integrated teams of highly qualified investment professionals. Moreover, BTC uses a combination of technologically advanced investment systems, along with rigorous investment procedures and safeguards. A committee comprised of senior management and portfolio managers (the "Investment Review Committee") reviews the management of the investment portfolios on a regular basis. Performance exceptions are reported internally and are reviewed by the Investment Review Committee.

Officers and Directors of the Sub-Adviser

Biographical information relating to the principal portfolio managers of BTC who oversee the services provided to the iShares Funds is set forth below:

<u>Name</u>	<u>Years of Service</u>	<u>Title</u>	<u>Notes</u>
Lee W. G. Sterne	15	Managing Director, U.S. Fixed Income Index and iShares	Lee heads up Fixed Income Index and iShares Portfolio Management in the US. Lee has 20 years of fixed income experience. Before joining BTC in 1996, he spent seven years working in fixed income sales for Mabon Securities and Cowen and Co. Lee received his BA from Colgate University. He is a CFA charter holder.
Ryan Braniff	5	Director, BlackRock Multi-Asset Client Solutions ("BMACS"), Portfolio Management	Ryan Braniff, CFA, is a Director and the principal portfolio manager of BTC who oversees the services provided to the iShares Funds by the BMACS team. Since June, 2006, Mr. Braniff has led a team of portfolio managers at BTC that manage multi-asset class portfolios holding combinations of proprietary onshore and offshore funds, equity and bond futures contracts, currency forward contracts, total return swaps, and exchange-traded funds. Before joining BTC in 2005, he worked as a sales analyst on the equity trading floor at Banc of America Securities, LLC in San Francisco (since March, 2000). Mr. Braniff completed his undergraduate education at UC Berkeley with a BA in Economics and a Minor in Mathematics in June, 1999, and obtained his Master of Financial Engineering degree at the Haas School of Business at UC Berkeley in March, 2005. He became a CFA Charterholder in October, 2007 and a CAIA Charterholder in December, 2008.
Patrick O'Connor	12	Managing Director, U.S. iShares Portfolio Management	Patrick O'Connor, Managing Director and portfolio manager, is the head of iShares Portfolio Management within BlackRock's Index Equity Portfolio Management Group. Mr. O'Connor's service with the firm dates back to 1999, including his years with Barclays Global Investors, N.A. (BGI), which

<u>Name</u>	<u>Years of Service</u>	<u>Title</u>	<u>Notes</u>
			became BTC in 2009. At BGI, he was responsible for a team of twenty portfolio managers and index analysts who were responsible for over 200 portfolios including all U.S., Canadian and Latin American iShares funds. Prior to joining BGI, Mr. O'Connor worked as an institutional equity salesman and Deputy Head of equity marketing at HSBC Investment Bank in London, England. Prior to that, Mr. O'Connor worked in the Corporate Strategy Department for Prudential Securities in New York. Mr. O'Connor earned a BA degree in history from the University of California at Davis in 1989, and an MBA degree from Fordham University in 1993.

Details of the Investment Sub-Advisory Agreement

An agreement (the “**Investment Sub-Advisory Agreement**”) has been entered into among BlackRock Canada, BTC and the iShares Funds, under which BTC provides certain investment advisory and administrative services to the iShares Funds.

The Investment Sub-Advisory Agreement will remain in effect until terminated by any party, upon not less than 30 days’ prior written notice, provided that, the Investment Sub-Advisory Agreement may be terminated by any party, upon 24 hours’ written notice to the other parties, if, among other things, any party fails to perform its material duties and discharge its material obligations under the Investment Sub-Advisory Agreement.

The Investment Sub-Advisory Agreement also provides that BTC shall hold harmless and indemnify BlackRock Canada and the iShares Funds from and against any and all liability or loss which the iShares Funds may incur or suffer to the extent such liability or loss was caused by the failure of BTC to meet its obligations and comply with its standard of care in the Investment Sub-Advisory Agreement.

Conflicts of Interest

BlackRock Canada and its principals and affiliates do not devote their time exclusively to the management of the iShares Funds. In addition, such persons perform similar or different services for others and may sponsor or establish other investment funds during the same period that they act on behalf of iShares Funds. Such persons therefore will have conflicts of interest in allocating management time, services and functions to the iShares Funds and the other persons for which they provide similar services.

Independent Review Committee

As required by NI 81-107, BlackRock Canada has established an independent review committee (the “**IRC**”) to review all conflict of interest matters identified and referred to the IRC by BlackRock Canada and to give its approval or recommendation, depending on the nature of the conflict of interest matter. A conflict of interest matter is a situation where a reasonable person would consider BlackRock Canada or an entity related to BlackRock Canada to have an interest that may conflict with the ability of BlackRock Canada to act in good faith and in the best interests of the iShares Funds.

The current members of the IRC, who constitute the IRC for the iShares Funds are as follows:

Name	Residence
René Delsanne ⁽¹⁾	Longueuil, Quebec
Stuart Freeman	Thornhill, Ontario
Francis Enderle	Oakland, California

⁽¹⁾ Chair of the IRC

Currently, each member receives \$30,000 (\$45,000 for the Chair) per annum as a general retainer and as compensation for attendance at two scheduled meetings per year. Each IRC member receives an additional \$2,000 for each additional meeting per year attended in person and an additional \$1,000 per telephone meeting (\$2,000 for telephone meetings lasting longer than 60 minutes). IRC members are reimbursed for any costs incurred in attending meetings or otherwise incurred in fulfilling their obligations as IRC members.

The IRC has a written charter describing its powers, duties and responsibilities.

Pursuant to NI 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following:

- BlackRock Canada's policies and procedures regarding conflict of interest matters;
- any standing instruction the IRC has given to BlackRock Canada for the conflict of interest matters related the iShares Funds; and
- BlackRock Canada's and each iShares Fund's compliance with any conditions imposed by the IRC in a recommendation or approval it has provided to BlackRock Canada.

In addition, the IRC reviews and assesses, at least annually, the independence and compensation of its members, its effectiveness as a committee, and the contribution and effectiveness of each member.

The IRC prepares a report annually of its activities for unitholders which is available on the iShares Funds' web site at www.ishares.ca, or at the unitholder's request at no cost, by contacting the iShares Funds at iSharesCanada_inquiries@blackrock.com.

Custodian

State Street Trust Company Canada ("SSTCC") is the custodian of the iShares Funds pursuant to a service module (the "**Custody Agreement**") between BlackRock Canada, in its capacity as investment advisor and trustee of the iShares Funds, and SSTCC dated as of December 19, 2008, as amended from time to time. The Custody Agreement incorporates the terms and conditions of the Master Services Agreement ("**MSA**") between BlackRock Canada and BTC and certain U.S.-based funds and institutional accounts named therein and State Street Bank and Trust Company ("**SSBT**") and SSTCC. The initial term of the Custody Agreement will continue until the later of May 15, 2014 or the expiration of the service modules entered into by certain U.S.-based funds and institutional accounts and SSBT. The Custody Agreement may be terminated earlier in accordance with the terms and conditions therein or in the MSA, including in the event of a breach of SSTCC's standard of care or where BlackRock Canada believes in its sole judgment acting in its capacity as a fiduciary that the continued provision of services by SSTCC would, in the circumstances, constitute a breach by BlackRock Canada of its duties as a fiduciary. Pursuant to the Custody Agreement, SSTCC or SSBT, as the case may be, performs certain fund accounting and other services for the iShares Funds. SSTCC's principal offices are located in Toronto, Ontario.

In order to secure SSTCC's obligations under the arrangements described above, State Street Bank, the U.S.-based controlling shareholder of SSTCC, entered into a guarantee and support agreement on July 31, 2003 pursuant to which State Street Bank guarantees SSTCC's obligations to the iShares Funds under the Custody Agreement and will covenant to cause SSTCC to perform such obligations.

Subcustodians

SSTCC has appointed BTC, BRAL and SSBT as subcustodians pursuant to subcustodial agreements entered into by SSTCC or its predecessor company, IBT Trust Company (Canada).

Auditor

The auditor of the iShares Funds is PricewaterhouseCoopers LLP, at its principal offices in Toronto, Ontario.

Registrar and Transfer Agent

The registrar and transfer agent for the Units is Computershare Investor Services Inc., at its principal offices in Toronto, Ontario.

License Agreements

Dow Jones

BTC has entered into an agreement dated December 9, 1999, as amended (the “**Dow Jones License Agreement**”), with Dow Jones providing for, among other things, the right to use the iShares Dow Jones Canadian Equity Fund Indices as a basis for determining the composition of the iShares Dow Jones Canadian Equity Funds and to use certain trademarks of Dow Jones in connection with the iShares Dow Jones Canadian Equity Funds. The initial term of the Dow Jones License Agreement expired on May 15, 2010 but was subsequently renewed until May 15, 2015. The Dow Jones License Agreement may be terminated prior to that date in certain limited circumstances. The applicable rights under the Dow Jones License Agreement have been sublicensed to BlackRock Canada for use in connection with iShares Dow Jones Canadian Equity Funds pursuant to an agreement dated December 6, 2005, as amended (the “**Dow Jones Sublicense Agreement**”). The terms of the Dow Jones License Agreement provide that it may be amended or terminated without the consent of the unitholders of the iShares Dow Jones Canadian Equity Funds. If the Dow Jones License Agreement or the Dow Jones Sublicense Agreement is terminated for any reason, BlackRock Canada will no longer be able to operate the iShares Dow Jones Canadian Equity Funds based on the iShares Dow Jones Canadian Equity Fund Indices.

FRC

With respect to XSU, BTC has entered into an agreement dated December 17, 1999, as amended (the “**FRC License Agreement**”), with FRC and provides for, among other things, the right to use the Russell 2000® Index – Canadian Dollar Hedged as the basis for the operation of XSU and to use certain trademarks of FRC in connection with XSU. The FRC License Agreement will expire on the 25th anniversary of the initial launch date of the first iShares fund using an FRC index but may be terminated prior to that date in certain limited circumstances. The applicable rights under the FRC License Agreement have been sublicensed to BlackRock Canada for use in connection with XSU pursuant to a sublicense agreement between BTC and BlackRock Canada dated May 2, 2007 (the “**FRC Sublicense Agreement**”). The terms of the FRC License Agreement provide that it may be amended or terminated without the consent of the unitholders of XSU. If the FRC License Agreement or the FRC Sublicense Agreement is terminated for any reason, BlackRock Canada will no longer be able to operate XSU based on the Russell 2000® Index – Canadian Dollar Hedged.

FTSE

BTC has entered into a license agreement dated December 21, 2006, as amended, (the “**FTSE International License Agreement**”) with FTSE International Limited under which it has the right, on and subject to the terms of the FTSE International License Agreement, to use certain indices, including the FTSE China 25 Index, as a basis for the operation of XCH and to use certain trademarks in connection with XCH. These rights under the FTSE International License Agreement have been licensed to BlackRock Canada pursuant to a sublicense agreement dated as of January 21, 2010 (the “**FTSE International Sublicense Agreement**”). The term of the FTSE International License Agreement is for 10 years from the date of signing unless and until terminated earlier by either

party pursuant to the terms of the FTSE International License Agreement. If the FTSE International License Agreement is terminated for any reason, BlackRock Canada will no longer be able to operate XCH based on the FTSE China 25 Index.

IICL

BTC has entered into an agreement dated September 18, 2006, as amended, (the “**IICL License Agreement**”) with IICL under which it has the right, on and subject to the terms of the IICL License Agreement, to use the Markit iBoxx USD Liquid Investment Grade Index and the Markit iBoxx USD Liquid High Yield Index (together, the “**iBoxx Indexes**”) as a basis for the operation of XIG and XHY, respectively, and to use certain trademarks of IICL in connection with XIG and XHY. These rights under the IICL License Agreement have been licensed to BlackRock Canada pursuant to a sublicense agreement dated as of January 21, 2010 (the “**IICL Sublicense Agreement**”). The IICL License Agreement will terminate on the tenth anniversary of its commencement unless and until terminated earlier by either party pursuant to the terms of the IICL License Agreement. If the IICL License Agreement is terminated for any reason, BlackRock Canada will no longer be able to operate XIG and XHY based on the respective iBoxx Indexes.

IISL

BTC has entered into a license agreement dated June 22, 2007, as amended, (the “**IISL License Agreement**”) with IISL under which it has the right, on and subject to the terms of the IISL License Agreement, to use the S&P CNX Nifty Index as a basis for the operation of XID and to use certain trademarks in connection with XID. These rights under the IISL License Agreement have been licensed to BlackRock Canada pursuant to a sublicense agreement dated as of January 21, 2010 (the “**IISL Sublicense Agreement**”). The term of the IISL License Agreement is for a period of five years after which it may be renewed for a further period on mutually agreeable terms. The IISL License Agreement may be terminated earlier by one of the parties pursuant to the terms of the IISL License Agreement. If the IISL License Agreement is terminated for any reason, BlackRock Canada will no longer be able to operate XID based on the S&P CNX Nifty Index.

Jantzi

With respect to XEN, BlackRock Canada has entered into an agreement with Jantzi dated April 30, 2007 (the “**Jantzi License Agreement**”) providing for, among other things, the rights to use the Jantzi Social Index as the basis for the operation of XEN and to use certain trademarks of Jantzi in connection with XEN. The Jantzi License Agreement may be amended or terminated without the consent of the unitholders of XEN. The initial term of the Jantzi License Agreement will expire on April 30, 2012, but may be terminated prior to that date in certain circumstances. Following the expiration of the initial term, the agreement shall be automatically renewed on an annual basis unless terminated in accordance with its terms. If the Jantzi License Agreement is terminated for any reason, BlackRock Canada will no longer be able to operate XEN based on the Jantzi Social Index.

J.P. Morgan

With respect to XEB, BTC has entered into a license agreement dated as of September 5, 2007, as amended (the “**J.P. Morgan License Agreement**”) with J.P. Morgan under which it has the right, on and subject to the terms of the J.P. Morgan License Agreement, to use the J.P. Morgan EMBI Global Core Hedged in CAD Index as a basis for the operation of XEB and to use certain trademarks in connection with XEB. These rights under the J.P. Morgan License Agreement have been licensed to BlackRock Canada pursuant to a sublicense agreement dated as of April 6, 2011 (the “**J.P. Morgan Sublicense Agreement**”). The initial term of the J.P. Morgan License Agreement is for a period of five years, but may be terminated prior to that date in certain circumstances. Following the expiration of the initial term, the agreement shall be automatically renewed on an annual basis unless terminated in accordance with its terms. If the J.P. Morgan License Agreement is terminated for any reason, BlackRock Canada will no longer be able to operate XEB based on the J.P. Morgan EMBI Global Core Hedged in CAD Index.

MSCI

With respect to XIN, XEM, XWD and XBZ, BTC has entered into an agreement dated May 18, 2001, as amended (the “**MSCI License Agreement**”), with MSCI under which it has the right, on and subject to the terms of the MSCI License Agreement, to use the MSCI EAFE 100% Hedged to CAD Dollars Index, the MSCI Emerging

Markets Index, the MSCI World Index and the MSCI Brazil Index as a basis for the operation of XIN, XEM, XWD and XBZ and to use certain trademarks of MSCI in connection with XIN, XEM, XWD and XBZ. These rights under the MSCI License Agreement have been sublicensed to BlackRock Canada pursuant to an amended and restated sublicense agreement dated as of January 21, 2010 (the “**MSCI Sublicense Agreement**”). The terms of the MSCI License Agreement provide that it may be amended or terminated without the consent of unitholders of XIN, XEM, XWD and XBZ. The initial term of the MSCI License Agreement expired on May 18, 2006 but was subsequently renewed until March 18, 2010 and further renewed until March 18, 2015 with an automatic renewal for successive one year terms thereafter and will remain in force unless terminated by either party by written notice given not later than 90 days prior to the end of any renewal term. If the MSCI License Agreement is terminated for any reason, BlackRock Canada will no longer be able to operate XIN based on the MSCI EAFE 100% Hedged to CAD Dollars Index, XEM based on the MSCI Emerging Markets Index, XWD based on the MSCI World Index or XBZ based on the MSCI Brazil Index.

NASDAQ

With respect to XQQ, BTC has entered in to a license agreement dated April 27, 2000, as amended (the “**NASDAQ License Agreement**”) with NASDAQ under which it has the right, on and subject to the terms of the NASDAQ License agreement, to use the NASDAQ-100 Currency Hedged CAD Index as a basis for the operation of XQQ and to use certain trademarks in connection with XQQ. These rights under the NASDAQ License Agreement have been licensed to BlackRock Canada pursuant to a sublicense agreement dated as of April 6, 2011 (the “**NASDAQ Sublicense Agreement**”). The initial term of the NASDAQ License Agreement will expire on March 23, 2012, but may be terminated prior to that date in certain circumstances. Following the expiration of the initial term, the agreement shall be automatically renewed on an annual basis unless terminated in accordance with its terms. If the NASDAQ License Agreement is terminated for any reason, BlackRock Canada will no longer be able to operate XQQ based on the NASDAQ-100 Currency Hedged CAD Index.

PC-Bond

BlackRock Canada has entered into an agreement dated September 15, 2010 (the “**PC-Bond License Agreement**”) with PC-Bond under which it has the right, on and subject to the terms of the PC-Bond License Agreement, to use the Canadian Fixed Income Fund Indices as a basis for the operation of the iShares Canadian Fixed Income Funds and to use certain trademarks in connection with the iShares Canadian Fixed Income Funds. The PC-Bond License Agreement may be amended or terminated without the consent of the unitholders of the iShares Canadian Fixed Income Funds. The initial term of the PC-Bond License Agreement will expire on September 15, 2013, but may be terminated prior to that date in certain circumstances. Following the expiration of the initial term, the PC-Bond License Agreement shall be automatically renewed on an annual basis unless terminated in accordance with its terms. If the PC-Bond License Agreement is terminated for any reason, BlackRock Canada will no longer be able to operate the iShares Canadian Fixed Income Funds based on the Canadian Fixed Income Fund Indices.

S&P

BTC has entered into an agreement dated April 27, 1999, as amended (the “**S&P License Agreement**”), with S&P providing for (i) the right to use the Canadian Equity Fund Indices (other than the iShares Dow Jones Canadian Equity Fund Indices), the International Mining Sector Indices and the Preferred Index as a basis for determining the composition of the iShares S&P/TSX Canadian Equity Funds, the iShares International Mining Sector Funds and XPF and to use certain trademarks of S&P in connection with the iShares S&P/TSX Canadian Equity Funds, the iShares International Mining Sector Funds and XPF, and (ii) the right to use the S&P 500 Hedged to Canadian Dollars Index, the S&P Latin America 40 Index and the S&P Global 1200 Health Care Canadian Dollar Hedged Index as a basis for the operation of XSP, XLA and XHC and to use certain trademarks of S&P in connection with XSP, XLA and XHC. The S&P License Agreement will expire on April 27, 2024 but may be terminated prior to that date in certain limited circumstances. The applicable rights under the S&P License Agreement have been sublicensed to BlackRock Canada pursuant to an amended and restated sublicense agreement dated as of April 6, 2011 (the “**S&P Sublicense Agreement**”). The terms of the S&P License Agreement provide that it may be amended or terminated without the consent of the unitholders of either the iShares S&P/TSX Canadian Equity Funds, the iShares International Mining Sector Funds, XHC, XSP, XLA or XPF. If the S&P License Agreement is terminated for any reason, BlackRock Canada will no longer be able to operate the iShares S&P/TSX Canadian Equity Funds based on the Canadian Equity Fund Indices (other than the iShares Dow Jones

Canadian Equity Fund Indices), the iShares International Mining Sector Funds based on the International Mining Sector Indices, XHC based on the S&P Global 1200 Health Care Canadian Dollar Hedged Index, XLA based on the S&P Latin America 40 Index, XSP based on the S&P 500 Hedged to Canadian Dollars Index or XPF based on the Preferred Index.

CALCULATION OF NET ASSET VALUE

The Net Asset Value of each iShares Fund will be equal to the market value of the total assets held by the iShares Fund, less an amount equal to the total liabilities of the iShares Fund. Each iShares Fund will calculate its Net Asset Value on a daily basis after the close of the market on each day on which trading takes place on the TSX (a “**Canadian Trading Day**”), or on such other days as BlackRock Canada may determine, in its sole discretion.

Valuation Policies and Procedures

The determination of the Net Asset Value of each of the iShares Funds will be made on the following basis for the purpose of any issue or redemption of Units by an iShares Fund:

- (a) the value of any security which is listed or dealt with on a stock exchange or traded on an over-the-counter market will be (i) in the case of a security which was traded on a Canadian Trading Day, the closing sale price, or (ii) in the case of a security which was not a Canadian Trading Day the price last determined for such security for the purpose of calculating the Net Asset Value of the iShares Fund;
- (b) dividend income will be recognized on the ex-dividend date and interest income will be accrued daily;
- (c) the value of any bond will be the price provided by PC-Bond. PC-Bond will determine the price from quotes received from one or more dealers in the applicable bond, selected for this purpose by PC-Bond;
- (d) the value of a futures contract will be (i) if daily limits imposed by the futures exchange through which the futures contract was issued are not in effect, the gain or loss on the futures contract that would be realized if, on a Canadian Trading Day, the position in the contract were to be closed out; or (ii) if daily limits imposed by the futures exchange through which the futures contract was issued are in effect, based on the current market value of the underlying interest of the futures contract;
- (e) margin paid or deposited on futures contracts will be reflected as an account receivable and, if not in the form of cash, will be noted as held for margin;
- (f) the value of a forward contract or swap will be the gain or loss on the contract that would be realized if, on the date that valuation is made, the position in the forward contract or swap were to be closed out;
- (g) the value of any security or other property (other than property contemplated above) for which a market quotation is not readily available will be its market value as determined by BlackRock Canada in such manner as BlackRock Canada will from time to time provide;
- (h) any market price reported in foreign currency will be translated into Canadian currency at the prevailing rate of exchange, as determined by BlackRock Canada, on the Canadian Trading Day the Net Asset Value of the applicable iShares Fund is being determined; and
- (i) notwithstanding the foregoing, the value of all fund property shall be the value that BlackRock Canada determines, in its reasonable discretion, most accurately reflects its value in an open and unrestricted market between informed and prudent parties, acting at arm’s length and under no compulsion to act, expressed in terms of money or money’s worth.

Canadian generally accepted accounting principles (“GAAP”) requires that the fair value of long positions in financial instruments (specifically portfolio securities held by an iShares Fund that are actively traded) be measured based on the bid price for the security instead of the close price or last sale price of the security for the day. This requirement is reflected in the reported value of an iShares Fund’s investments in its annual and interim financial statements, as these financial statements are prepared in accordance with Canadian GAAP. However, in accordance with National Instrument 81-106 — *Investment Fund Continuous Disclosure* the fair value of a portfolio security used to determine the daily Net Asset Value per Unit of an iShares Fund for subscription orders, exchanges or redemptions is based on the iShares Fund’s valuation principles set out above, which are not the same as the Canadian GAAP requirements.

Net Asset Value per Unit

The Net Asset Value per Unit of each iShares Fund will be calculated on each Canadian Trading Day, or on such other days as BlackRock Canada may determine in its sole discretion, after the close of the market by dividing the Net Asset Value of the applicable iShares Fund by the total number of Units outstanding. The Net Asset Value per Unit and the Net Asset Value of each iShares Fund will be determined in Canadian currency and may also be determined in any other currency at the discretion of BlackRock Canada from time to time.

Each portfolio transaction will be reflected in the computation of Net Asset Value per Unit no later than the computation of Net Asset Value per Unit next made after the date on which the transaction becomes binding. The issue, exchange or redemption of Units will be reflected in the computation of Net Asset Value per Unit next made after the computation made for the purpose of such issue, exchange or redemption.

Reporting of Net Asset Value

The Net Asset Value and Net Asset Value per Unit of each iShares Fund will be displayed daily at www.ishares.ca.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

A Unit of each iShares Fund represents an equal beneficial interest in the applicable iShares Fund. Each iShares Fund is entitled to issue an unlimited number of Units. The iShares Funds are organized as trusts and unitholders of the iShares Funds are not shareholders of a corporation.

Subscriptions

All orders to purchase Units directly from the iShares Funds must be placed by Underwriters. See “Purchase of Units – Issuance of Units”.

Certain Provisions of the Units

Each Unit of each iShares Fund has identical rights and privileges. Each whole Unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by an iShares Fund to unitholders, including distributions of net income and net realized capital gains and distributions upon the termination of the iShares Fund. Units are issued only as fully paid and are non-assessable.

Exchange of Units for Baskets

Unitholders of the iShares Funds may exchange the Prescribed Number of Units (or an integral multiple thereof) of any iShares Fund on any Trading Day for Baskets and cash, subject to the requirement that a minimum Prescribed Number of Units be exchanged. See “Exchange and Redemption of Units – Exchange of Units at Net Asset Value per Unit for Baskets and Cash”.

Redemptions of Units for Cash

On any Trading Day, unitholders may redeem Units of any iShares Fund for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of the redemption. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a unitholder to BlackRock Canada or the iShares Funds in connection with selling Units on the TSX. See “Exchange and Redemption of Units – Redemption of Units for Cash”.

Exercise of Voting Rights over Baskets

In the case of XCG, XCS, XCV, XDV, XEG, XFN, XIC, XIT, XIU, XMA, XMD, XRE and XGD, a unitholder holding a minimum of a Prescribed Number of Units of such iShares Fund may instruct such iShares Fund, on 15 Trading Days’ notice, to give the unitholder a signed proxy with respect to any meeting of unitholders of Index Securities of that iShares Fund. Such proxy will entitle the unitholder to exercise the applicable voting rights, if any, for the applicable portion of the Index Securities held by the iShares Funds based on the Index Securities underlying the number of Units held by the unitholder. Instructions must be given for each meeting of securityholders of a Constituent Issuer. Eligible unitholders must take the initiative to exercise this right as no reminders of this right will be sent to them. Eligible unitholders will be required to certify to the applicable iShares Fund either that the unitholder is the beneficial owner of the Units held in the unitholder’s name, or that the proxy will be exercised or otherwise dealt with in accordance with the instructions of such beneficial owner.

Unitholders holding less than the Prescribed Number of Units of XCG, XCS, XCV, XDV, XEG, XFN, XIC, XIT, XIU, XMA, XMD, XRE or XGD will not have any right to vote Index Securities held by such iShares Fund.

UNITHOLDER MATTERS

Meetings of Unitholders

Except as otherwise required by law, meetings of unitholders of an iShares Fund will be held if called by BlackRock Canada upon written notice of not less than 21 days, nor more than 50 days, before the meeting.

Matters Requiring Unitholder Approval

NI 81-102 requires a meeting of unitholders of an iShares Fund to be called to approve certain changes as follows:

- (i) the basis of the calculation of a fee or expense that is charged to the iShares Fund or directly to its unitholders by the iShares Fund or BlackRock Canada in connection with the holding of Units of the iShares Fund is changed in a way that could result in an increase in charges to the iShares Fund or its unitholders, except where:
 - (a) the iShares Fund is at arm’s length to the person or company charging the fee or expense;
 - (b) the unitholders have received at least 60 days’ prior written notice before the effective date of the change; and
 - (c) the right to notice described in (b) is disclosed in the prospectus of the iShares Fund;
- (ii) a fee or expense, to be charged to an iShares Fund or directly to its unitholders by the iShares Fund or BlackRock Canada in connection with the holding of Units of the iShares Fund that could result in an increase in charges to the iShares Fund or its unitholders, is introduced;

- (iii) the manager of the iShares Fund is changed, unless the new manager of the iShares Fund is an affiliate of BlackRock Canada;
- (iv) the fundamental investment objectives of the iShares Fund are changed;
- (v) the iShares Fund decreases the frequency of the calculation of its Net Asset Value per Unit;
- (vi) the iShares Fund undertakes a reorganization with, or transfers its assets to, another mutual fund, if the iShares Fund ceases to continue after the reorganization or transfer of assets and the transaction results in the unitholders of the iShares Fund becoming securityholders in the other mutual fund, unless:
 - (a) the IRC of the iShares Fund has approved the change in accordance with NI 81-107;
 - (b) the iShares Fund is being reorganized with, or its assets are being transferred to, another mutual fund that is subject to NI 81-102 and NI 81-107 and managed by BlackRock Canada, or an affiliate of BlackRock Canada;
 - (c) the unitholders have received at least 60 days' prior written notice before the effective date of the change;
 - (d) the right to notice described in (c) is disclosed in the prospectus of iShares Fund; and
 - (e) the transaction complies with certain other requirements of applicable securities legislation;
- (vii) the iShares Fund undertakes a reorganization with, or acquires assets from, another mutual fund, if the iShares Fund continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming unitholders of the iShares Fund, and the transaction would be a material change to the iShares Fund; or
- (viii) any matter which is required by the constating documents of the iShares Fund or by the laws applicable to the iShares Fund or by any agreement to be submitted to a vote of the unitholders of the iShares Fund.

In addition, the auditors of an iShares Fund may not be changed unless:

- (i) the IRC of the iShares Fund has approved the change in accordance with NI 81-107;
- (ii) unitholders have received at least 60 days' prior written notice before the effective date of the change; and
- (iii) the right to notice describe in (ii) is disclosed in the prospectus of the iShares Funds.

Approval of unitholders of an iShares Fund will be deemed to have been given if expressed by resolution passed at a meeting of unitholders of the iShares Fund duly called and held for the purpose of considering the same, by at least a majority of the votes cast.

Amendments to the Master Declaration of Trust

BlackRock Canada may amend the Master Declaration of Trust from time to time in writing. BlackRock Canada must notify unitholders at least 60 days' prior to the effective date of any amendments made to the Master Declaration of Trust. None of the following shall occur in respect of an iShares Fund unless duly approved by at least a majority of the unitholders present in person or by proxy at a meeting of unitholders which has been duly called and held for that purpose:

- (a) any modification, amendment, alteration or deletion of the rights, privileges or restrictions attaching to Units set out in the Master Declaration of Trust;
- (b) any change in the fundamental investment objectives of an iShares Fund set out in the Master Declaration of Trust;
- (c) any increase in the amount of fees payable by an iShares Fund; and
- (d) any other matter in respect of which applicable securities legislation would require a unitholder vote to be held.

Unitholders are entitled to one vote per whole Unit held on the record date established for voting at any meeting of unitholders.

Pursuant to the Master Declaration of Trust, BlackRock Canada is not required to provide notice with respect to any amendment to the Master Declaration of Trust that is (i) made to ensure continuing compliance with Canadian securities legislation and other applicable laws in effect from time to time; (ii) intended to provide additional protection for unitholders; or (iii) intended to deal with minor or clerical matters or to correct typographical mistakes, ambiguities or manifest omissions or errors or any amendment which, in the opinion of BlackRock Canada, is not prejudicial to unitholders and is necessary or desirable.

Permitted Mergers

An iShares Fund may, without unitholder approval, enter into a merger or other similar transaction with any Canadian mutual fund which has a similar investment objective, valuation procedure and fee structure (a “**Permitted Merger**”), subject to:

- (a) approval of the merger by the IRC;
- (b) compliance with certain merger pre-approval conditions set out in Section 5.6 of NI 81-102; and
- (c) written notice being provided to unitholders at least 60 days’ before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

Reporting to Unitholders

The fiscal year end of the iShares Funds is December 31. The iShares Funds will deliver or make available to unitholders (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim MRFs. Such documents are incorporated by reference into, and form an integral part of, this prospectus. See “Documents Incorporated by Reference”.

Each unitholder will also be mailed annually, by his or her broker, no later than March 31, information necessary to enable such unitholder to complete an income tax return with respect to amounts paid or payable by one or more iShares Funds in respect of the preceding taxation year of such iShares Fund(s).

TERMINATION OF THE ISHARES FUNDS

Each iShares Fund may be terminated by BlackRock Canada on not less than 60 days’ and not more than 90 days’ notice to unitholders. The rights of unitholders to exchange and redeem Units will cease as and from the date of termination of the applicable iShares Fund so fixed by BlackRock Canada. The iShares Fund will issue a press release at least ten business days in advance of the termination date. Upon termination of an iShares Fund, the

portfolio securities, cash and other assets remaining after paying or providing for all liabilities and obligations of the iShares Fund shall be distributed pro rata among the unitholders of the iShares Fund.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

BlackRock Canada will comply with the procedures described below with respect to the voting of proxies received from issuers of securities held by the iShares Funds other than XEN. XEN has separate proxy voting policies and reference in this section to the iShares Funds do not include XEN. See “Proxy Voting Policies – XEN” below. If an iShares Fund receives a proxy (i) from an iShares ETF, BlackRock Canada will not vote the securities or (ii) from another issuer, BlackRock Canada will vote the proxy in accordance with the proxy voting guidelines and the BlackRock Global Corporate Governance and Engagement Principles (together, the “**Proxy Voting Guidelines**”) applicable to the securities of a Canadian issuer held by the iShares Funds. For any proxy received related to a security of a non-Canadian issuer that is held by the iShares Funds (that is not an iShares ETF), BlackRock Canada will vote the proxy in accordance with the proxy voting guidelines adopted by BlackRock Canada and its affiliates applicable to the jurisdiction in which the issuer of such non-Canadian security resides.

The Proxy Voting Guidelines provide that BlackRock and its subsidiaries, including BlackRock Canada, seek to make proxy voting decisions in the manner most likely to protect and promote the economic value of the securities held in client accounts. The Proxy Voting Guidelines are divided into key themes which group together the issues that frequently appear on the agenda of annual and special meetings of shareholders. The key themes are summarized below.

- (a) **Boards and Directors** – BlackRock Canada generally supports board nominees in most uncontested elections. However, BlackRock Canada may withhold votes from the entire board in certain situations, including, but not limited to (i) where a board fails to implement shareholder proposals that receive a majority of votes cast at a prior shareholder meeting, and the proposals, in BlackRock Canada’s view, have a direct and substantial impact on shareholders’ fundamental rights or long-term economic interests; and (ii) where a board implements a poison pill plan without seeking shareholder approval beforehand or within a reasonable period of time after implementation. BlackRock Canada may also withhold votes from members (or prior members) of particular board committees in certain situations, including, but not limited to, an insider or affiliated outsider who sits on any of the board’s key committees that BlackRock Canada generally believes should be entirely independent or members of that audit committee during a period when the board failed to facilitate quality, independent auditing. BlackRock Canada may also withhold votes from individual board members in certain situations, including, but not limited to, a director who has acted in a manner that compromises his or her ability to represent the best long-term economic interests of shareholders and a director with a pattern of attending less than 75% of combined board and applicable key committee meetings.

The Proxy Voting Guidelines also address BlackRock Canada’s approach on matters related to the opportunity to elect individual board members or a slate of directors, age and term limits, board size, classified board of directors, staggered terms, cumulative voting for directors, director compensation and equity plans, independent board composition, limits on director removal, majority vote requirements and the separation of chairman and chief executive officer positions.

- (b) **Auditors and Audit Related Issues** – BlackRock Canada recognizes the critical importance of financial statements that provide a complete and accurate portrayal of a company’s financial condition. Consistent with its approach to voting on boards of directors, BlackRock Canada seeks to hold the audit committee of the board responsible for overseeing the management of the audit function at a company, and may withhold votes from audit committee members in the election of directors where the board has failed to facilitate quality, independent auditing. BlackRock Canada takes particular note of cases involving significant financial restatements or material weakness disclosures.

The integrity of financial statements depends on the auditor effectively fulfilling its role. To that end, BlackRock Canada favors an independent auditor. In addition, to the extent that an auditor fails to reasonably identify and address issues that eventually lead to a significant financial

restatement, or the audit firm violates standards of practice that protect the interests of shareholders, BlackRock Canada may also vote against ratification.

From time to time, shareholder proposals may be presented to promote auditor independence or the rotation of audit firms. BlackRock Canada may support these proposals when they are consistent with its views as described above.

- (c) **Capital Structure, Mergers, Asset Sales and Other Special Transactions** – In reviewing merger and asset sale proposals, BlackRock Canada’s primary concern is the best long-term economic interest of shareholders. Key factors typically used to evaluate these types of proposals include market premium, strategic reason for transaction, board approval/transaction history and financial advisors’ fairness opinions.
- (d) **Remuneration Benefits** – BlackRock Canada notes that there are also management and shareholder proposals related to executive compensation that appear on corporate ballots. BlackRock Canada generally votes on these proposals as described in the Proxy Voting Guidelines, except that it typically opposes shareholder proposals on issues where the company already has a policy in place that BlackRock Canada believes is sufficient to address the issue. BlackRock Canada may also oppose a shareholder proposal regarding executive compensation if the company’s history suggests that the issue raised is not likely to present a problem for the company.

BlackRock Canada generally opposes proposals asking for companies to adopt advisory resolutions on compensation committee reports (“say-on-pay”). BlackRock Canada believes that compensation committees are in the best position to make compensation decisions and should maintain significant flexibility in administering compensation programs. It is BlackRock Canada’s view that shareholders have a sufficient and much more powerful “say-on-pay” in the form of director elections, in particular with regards to members of the compensation committee.

BlackRock Canada generally favours claw back proposals brought by shareholders which seek to recoup bonuses paid to senior executives if paid based on financial results that are later restated, regardless of an executive’s role in the faulty reporting.

The Proxy Voting Guidelines also address BlackRock Canada’s approach on proxy matters related to employee stock purchase plans, equity compensation plans, golden parachutes, option exchanges, pay-for-superior performance, supplemental executive retirement plans and stock option expensing.

- (e) **Social, Ethical and Environmental Issues and General Corporate Governance Matters** – The Proxy Voting Guidelines also include policies and procedures pursuant to which BlackRock Canada will determine how to cause an iShares Fund to vote on other non-routine matters, including social, ethical and environmental issues and corporate governance matters.

BlackRock Canada will maintain records of, and provide reports on, votes cast by the iShares Funds. These records are prepared on an annual basis and are posted on the web site www.ishares.ca, in accordance with applicable securities legislation.

Proxy Voting Policies – XEN

BlackRock Canada has established proxy voting guidelines for XEN (“**XEN Proxy Guidelines**”) consistent with the principle that sound corporate governance and responsible corporate, social and environmental practices are in the best interest of shareholders. BlackRock Canada votes (or refrains from voting) proxies in a manner that is consistent with these principles. In some cases, it may be in the best interests of shareholders to refrain from exercising XEN’s proxy voting rights. XEN will vote on specific proxy issues in accordance with the XEN Proxy Guidelines. The XEN Proxy Guidelines provide detailed guidance as to how to vote proxies on certain important or commonly raised issues. BlackRock Canada votes (or refrains from voting) proxies without regard to

the relationship of the issuer of the proxy (or any shareholder of such issuer) to XEN, XEN's affiliates (if any), or any affiliates of BlackRock Canada.

Pursuant to the XEN Proxy Guidelines, BlackRock Canada will generally cause XEN to vote on the following matters as described below:

- (a) **Board of Directors** – BlackRock Canada will recommend withholding support for individual nominees or entire slates if it believed that such action is in the best interests of shareholders. In addition to independence, BlackRock Canada monitors attendance, stock ownership, conflicts of interest, diversity, and the number of boards on which a director serves. Votes will be withheld from directors in certain situations, including but not limited to those who (i) attend less than 75% of the board and committee meetings without a valid excuse for the absences; (ii) ignore a shareholder proposal that is approved by a majority of the votes outstanding; (iii) ignore a shareholder proposal that is approved by a majority of the votes cast for two consecutive years; (iv) have failed to act on takeover offers where the majority of the shareholders have tendered their shares; (v) serve as members of the audit committee when more than 50% of the total fees paid to the auditor is attributable to non-audit work or if a company is found to have pulled auditor ratification from the ballot within the past year; and (vi) serve as a member of the compensation committee that has approved egregious compensation packages or has failed to adequately disclose the details of such packages. Special attention will be paid to companies that show a high level of disregard for shareholder and stakeholder interests; BlackRock Canada will consider withholding votes from the entire board of directors in these cases. In addition, BlackRock Canada will recommend withholding votes from the entire board if the board is not composed of a majority of independent directors. BlackRock Canada will also highlight other governance concerns in the analyses, including whether the company has combined the roles of Chairman and CEO.
- (b) **Equity Compensation Plans** – The XEN Proxy Guidelines stipulate that votes with respect to compensation plans should be determined on a case-by-case basis. In the case of XEN, BlackRock Canada will vote (i) for stock based bonus plans where the performance measures included under the plan are appropriate, the plan is administered by a committee of independent outsiders, and the preservation of the full deductibility of all compensation paid reduces the company's corporate tax obligation; (ii) for employee stock purchase plans ("ESPPs") with an offering period of 27 months or less when voting power dilution is 10% or less; (iii) against ESPPs with an offering period of greater than 27 months or voting power dilution of greater than 10%; and (iv) for proposals that seek to pay outside directors a portion of their compensation in stock rather than cash.
- (c) **Shareholder Proposals Regarding Management Compensation** – Pursuant to the XEN Proxy Guidelines, BlackRock Canada will vote (i) for shareholder proposals seeking increased disclosure on executive compensation issues including the preparation of a formal report on executive compensation practices and policies; (ii) for proposals to prepare reports seeking to compare the wages of a company's lowest paid worker to the highest paid workers; (iii) on a case-by-case proposals that seek to establish a fixed ratio between the company's lowest paid workers and the highest paid workers; (iv) for shareholder proposals to have golden and tin parachutes submitted for shareholder ratification; (v) for shareholder proposals to link executive pay to performance, including the use of indexed options and other indicators; and (vi) against shareholder proposals seeking to link executive pay to non-financial factors.

The XEN Proxy Guidelines include policies and procedures pursuant to which BlackRock Canada will determine how to cause XEN to vote on other non-routine matters, including corporate governance proposals, anti-takeover measures, corporate restructurings and social issues.

The XEN Proxy Guidelines provide that BlackRock Canada will maintain records of, and provide reports on, votes cast by XEN. These records will be prepared on an annual basis and will be posted on the web site www.ishares.ca, in accordance with applicable securities legislation.

MATERIAL CONTRACTS

The following table summarizes the material contracts for the iShares Funds. These contracts are available for inspection at the offices of the iShares Funds at the address above.

Contract	Purpose	Dated
Master Declaration of Trust	The creation, issue, trading, exchange and redemption of Units of the iShares Funds are provided for in the Master Declaration of Trust made by BlackRock Canada.	April 6, 2011
Investment Sub-Advisory Agreement	BTC has been appointed to provide investment management and/or investment advisory services to the iShares Funds.	April 1, 2009, as amended
Custody Agreement	SSTCC is custodian of the iShares Funds. SSTCC or SSBT, as the case may be, provides certain services, including fund accounting and other services.	December 19, 2008, as amended
License Agreements and Sublicense Agreements	BlackRock Canada operates the iShares S&P/TSX Canadian Equity Funds, the iShares International Mining Sector Funds, XHC, XSP, XLA and XPF pursuant to the S&P Sublicense Agreement between BTC and BlackRock Canada.	Amended and restated as of April 6, 2011
	BlackRock Canada operates the iShares Dow Jones Canadian Equity Funds pursuant to the Dow Jones Sublicense Agreement between BTC and BlackRock Canada.	December 6, 2005, as amended on October 3, 2006
	BlackRock Canada operates the iShares Canadian Fixed Income Funds pursuant to the PC-Bond License Agreement between BlackRock Canada and PC-Bond.	September 15, 2010
	BlackRock Canada operates XIN, XEM, XWD and XBZ pursuant to the MSCI Sublicense Agreement between BTC and BlackRock Canada.	Amended and restated as of January 21, 2010
	BlackRock Canada operates XSU pursuant to the FRC Sublicense Agreement between BTC and BlackRock Canada.	May 2, 2007
	BlackRock Canada operates XEN pursuant to the Jantzi License Agreement between BlackRock Canada and Jantzi.	April 30, 2007
	BlackRock Canada operates XCH pursuant to the FTSE International Sublicense License Agreement between BTC and BlackRock Canada.	January 21, 2010
	BlackRock Canada operates XIG and XHY pursuant to the IICL Sublicense Agreement between BTC and BlackRock Canada.	January 21, 2010
	BlackRock Canada operates XID pursuant to the IISL Sublicense Agreement between BTC and BlackRock Canada.	January 21, 2010
	BlackRock Canada operates XEB pursuant to the J.P. Morgan Sublicense Agreement between BTC and BlackRock Canada.	April 6, 2011

Contract	Purpose	Dated
	BlackRock Canada operates XQQ pursuant to the NASDAQ Sublicense Agreement between BTC and BlackRock Canada.	April 6, 2011
Securities Lending Authorization Agreement	The iShares Funds may engage in securities lending pursuant to a securities lending authorization agreement between BlackRock Canada and BTC.	August 22, 2002, as amended and restated on August 17, 2005 and further amended on December 6, 2005, April 21, 2006, October 27, 2006, May 1, 2007, October 21, 2008, June 8, 2009, January 21, 2010, September 16, 2010 and April 11, 2011
Securities Lending Management Agreement	The iShares Funds may engage in securities lending pursuant to a securities lending management agreement among BlackRock Canada, BRAL and SSTCC.	August 19, 2004, as amended on February 11, 2005, March 29, 2005, December 14, 2005, October 27, 2006, May 1, 2007, October 31, 2008, June 12, 2009, January 21, 2010, September 16, 2010 and April 8, 2011

EXPERTS

Osler, Hoskin & Harcourt LLP, legal counsel to the iShares Funds and BlackRock Canada, has provided certain legal opinions on the principal Canadian federal income tax considerations that apply to an investment in the Units by an individual resident in Canada. See “Income Tax Considerations”.

PricewaterhouseCoopers LLP, the auditor of the iShares Funds, has consented to the use of their reports on the New iShares Funds dated April 11, 2011 and on the iShares Funds other than the New iShares Funds dated March 10, 2011. PricewaterhouseCoopers LLP has confirmed that it is independent with respect to the iShares Funds within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

EXEMPTIONS AND APPROVALS

Each iShares Fund has received exemptive relief from the Canadian securities regulatory authorities to permit the following practices:

- (a) to enable the purchase and sale of Units of the iShares Funds on the TSX, which precludes the transmission of purchase or redemption orders to the head office of the iShares Fund;
- (b) to permit the payment for the issuance of Units of the iShares Funds partially in cash and partially in securities, provided that the acceptance of securities as payment is made in accordance with Section 9.4(2)(b) of NI 81-102;
- (c) to permit the redemption of less than the Prescribed Number of Units of a iShares Fund at a price equal to 95% of the closing price for the applicable Units on the TSX on the effective date of redemption;
- (d) to relieve the iShares Funds from the requirement relating to the record date for the payment of distributions, provided that the iShares Fund comply with applicable TSX requirements;
- (e) to permit the use of the word “shares” in the name of each iShares Fund;
- (f) to relieve the iShares Funds from the requirement that a prospectus contain a certificate of the underwriters;
- (g) to relieve BlackRock Canada from the dealer registration requirement provided that BlackRock Canada complies with Part 15 of NI 81-102;

- (h) to enable the purchase by a unitholder of more than 20% of the Units of any iShares Fund through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation provided that any such unitholder, and any person acting jointly or in concert with the unitholder, undertakes to BlackRock Canada not to vote more than 20% of the Units of that iShares Fund at any meeting of unitholders;
- (i) to permit an iShares Fund to borrow cash for a period not longer than 45 days and, if required by the lender, provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distributions payable to unitholders that represents amounts that have not yet been received by that iShares Fund and, in any event, does not exceed 5% of the net assets of such iShares Fund;
- (j) to permit an iShares Fund to purchase certain non exchange-traded debt securities of related issuers in the secondary market, provided that certain conditions are met, including that the purchase and holding are consistent with the investment objectives of the iShares Fund, BlackRock Canada and the IRC comply with certain provisions of NI 81-107, the price payable for the security is not more than its ask price determined in accordance with the relief, the transaction complies with applicable market integrity requirements in NI 81-107 and certain filings are made with Canadian securities regulatory authorities;
- (k) to permit an iShares Fund to purchase certain exchange-traded securities of related issuers in the secondary market, provided that certain conditions are met, including that the purchase and holding are consistent with the investment objective of the iShares Fund, the IRC has approved the transaction in accordance with Section 5.2(2) of NI 81-107, the purchase is made on an exchange on which the securities are listed and traded and certain filings are made with Canadian securities regulatory authorities;
- (l) to permit an iShares Fund to purchase debt securities from or sell debt securities to another mutual fund to which NI 81-102 does not apply and of which BlackRock Canada is the investment fund manager, provided that certain conditions are met, including that the IRC and the independent review committee of the other mutual fund have approved the transaction in accordance with Section 5.2(2) of NI 81-107 and that the transaction complies with paragraphs (c) to (g) of Section 6.1(2) of NI 81-107; and
- (m) to permit an iShares Fund to purchase securities from, or sell securities to, certain accounts managed by BlackRock Canada or certain of its affiliates and to engage in certain *in specie* transactions with such managed accounts, provided that certain conditions are met.

OTHER MATERIAL FACTS

Licensing and Trademark Matters

iShares Dow Jones Canadian Equity Funds – Dow Jones

Under the terms of the Dow Jones Sublicense Agreement between BTC and BlackRock Canada, BlackRock Canada has agreed to include the following language in this prospectus:

“Dow Jones”, “Dow Jones Canada Select Dividend Index”, “DJCSDI”, “Dow Jones Canada Select Growth Index” and “Dow Jones Canada Select Value Index” are service marks of Dow Jones. Dow Jones has no relationship to BlackRock Canada or the iShares Dow Jones Canadian Equity Funds, other than the licensing of the Dow Jones Canadian Equity Fund Indices and its service marks for use in connection with the iShares Dow Jones Canadian Equity Funds.

Dow Jones does not:

- sponsor, endorse, sell or promote the iShares Dow Jones Canadian Equity Funds or the units of the iShares Dow Jones Canadian Equity Funds;
- recommend that any person invest in units of the iShares Dow Jones Canadian Equity Funds or any other financial products;
- have any responsibility or liability for or make any decisions about the timing, amount or pricing of the units of the iShares Dow Jones Canadian Equity Funds;
- have any responsibility or liability for the administration, management or marketing of the iShares Dow Jones Canadian Equity Funds; or
- consider the needs of BlackRock Canada, the iShares Dow Jones Canadian Equity Funds or the unitholders of the iShares Dow Jones Canadian Equity Funds in determining, composing or calculating the Dow Jones Canadian Equity Fund Indices or have any obligation to do so.

Dow Jones will not have any liability in connection with the iShares Dow Jones Canadian Equity Funds or the units of the iShares Dow Jones Canadian Equity Funds. Specifically, Dow Jones does not make any warranty, express or implied, and Dow Jones disclaims any warranty about:

- the results to be obtained by the iShares Dow Jones Canadian Equity Funds, the unitholders of the iShares Dow Jones Canadian Equity Funds, BlackRock Canada or any other person in connection with the use of the Dow Jones Canadian Equity Fund Indices and the data included in the Dow Jones Canadian Equity Fund Indices;
- the accuracy or completeness of the Dow Jones Canadian Equity Fund Indices or their data;
- the merchantability and the fitness for a particular purpose or use of the Dow Jones Canadian Equity Fund Indices or their data;
- Dow Jones will have no liability for any errors, omissions or interruptions in the iShares Dow Jones Canadian Equity Funds or their data; or
- under no circumstances will Dow Jones be liable for any lost profits or indirect, punitive, special or consequential damages or losses, even if Dow Jones knows that they might occur.

The licensing relating to the use of the indexes and trademarks referred to above by the iShares Dow Jones Canadian Equity Funds and BlackRock Canada is solely for the benefit of the iShares Dow Jones Canadian Equity Funds and BlackRock Canada, and not for any other third parties.

XSU – Frank Russell Company

Under the terms of the FRC License Agreement and the FRC Sublicense Agreement, BlackRock Canada has agreed to include the following language in this prospectus:

XSU is not sponsored, endorsed, sold or promoted by Frank Russell Company (“**FRC**”). FRC makes no representation or warranty, express or implied, to the owners of XSU or any member of the public regarding the advisability of investing in securities generally or in XSU particularly or the ability of the Russell 2000® Index – Canadian Dollar Hedged to track general stock market performance. Frank Russell Company is the licensor of certain trademarks, service marks, and trade names. The Index on which XSU is based is determined, composed and calculated by FRC without regard to BlackRock Canada or XSU. FRC has no obligation to take the needs of BlackRock Canada or the owners of XSU into consideration in determining, composing or calculating the Russell 2000® Index – Canadian Dollar Hedged. FRC is not responsible for and has not participated in the determination of the prices and amount of XSU or the timing of the issuance or sale of XSU or in the determination or calculation of the equation by which XSU is to be converted into cash. FRC has no obligation or liability in connection with the administration, marketing, or trading of XSU.

ALTHOUGH FRC OBTAINS INFORMATION FOR INCLUSION OR USE IN THE CALCULATION OF THE RUSSELL 2000® INDEX AND THE RUSSELL 2000® INDEX – CANADIAN DOLLAR HEDGED FROM SOURCES THAT FRC CONSIDERS RELIABLE, FRC DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE RUSSELL 2000® INDEX OR THE RUSSELL 2000® INDEX – CANADIAN DOLLAR HEDGED OR ANY DATA INCLUDED THEREIN. FRC SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. FRC MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY BLACKROCK CANADA, OWNERS OF XSU, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE RUSSELL INDEX OR ANY DATA INCLUDED THEREIN. FRC MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE RUSSELL INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL FRC HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, DIRECT, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS) RESULTING FROM THE USE OF THE RUSSELL INDEX OR ANY DATA INCLUDED THEREIN, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

XCH - FTSE

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XIG and XHY – IICL

XIG and XHY are not sponsored, endorsed, sold or promoted by IICL. IICL makes no representation or warranty, express or implied, to unitholders or any member of the public regarding the advisability of investing in securities generally or in XIG or XHY particularly or the ability of the Markit iBoxx USD Liquid Investment Grade Index or Markit iBoxx USD Liquid High Yield Index (collectively, the “**iBoxx Indices**”) to track general market performance. IICL’s only relationship to XIG, XHY, BTC and BlackRock Canada is the licensing of certain trademarks and trade names of IICL and of the iBoxx Indices, which are determined, composed and calculated by IICL without regard to XIG, XHY, BTC or BlackRock Canada. IICL has no obligation to take the needs of BTC, BlackRock Canada or unitholders into consideration in determining, composing or calculating the iBoxx Indices. IICL is not responsible for and has not participated in the determination of the prices and amount of units of XIG or XHY, or the timing of the issuance or sale of such units or in the determination or calculation of the equation by which units of XIG or XHY are to be redeemable for cash. IICL has no obligation or liability in connection with the administration, marketing or trading of XIG and XHY. IICL does not guarantee the accuracy or the completeness of the iBoxx Indices or any data included therein and IICL shall have no liability for any errors, omissions, or interruptions therein.

IICL makes no warranty, express or implied, as to results to be obtained by XIG, XHY, BlackRock Canada, unitholders or any other person or entity from the use of the iBoxx Indices or any data included therein. IICL makes no express or implied warranties and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the iBoxx Indices or any data included therein. Without limiting any of the foregoing, in no event shall IICL have any liability for any special, punitive, direct, indirect or consequential damages (including lost profits) resulting from the use of the iBoxx Indices or any data included therein, even if notified of the possibility of such damages.

XID – IISL and S&P

S&P is a division of The McGraw-Hill Companies, Inc., a New York corporation. Among other things, S&P is engaged in the business of developing, constructing, compiling, computing and maintaining various equity indices that are recognized worldwide as benchmarks for U.S. stock market performance. “Standard & Poor’s®” and

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XID is not sponsored, endorsed, sold or promoted by IISL or S&P. Neither IISL nor S&P makes any representation or warranty, express or implied, to the unitholders of XID or any member of the public regarding the advisability of investing in securities generally or in XID particularly or the ability of the S&P CNX Nifty Index to track general stock market performance in India. The relationship of S&P and IISL to BTC is only in respect of the licensing of certain trademarks and trade names of the S&P CNX Nifty Index which is determined, composed and calculated by IISL without regard to XID or BTC. Neither S&P nor IISL has any obligation to take the needs of BTC or the unitholders of XID into consideration in determining, composing or calculating the S&P CNX Nifty Index. Neither S&P nor IISL is responsible for or has participated in the determination of the timing of, prices at, or quantities of XID to be issued or in the determination or calculation of the equation by which Units of XID are to be redeemable for cash. Neither IISL nor S&P has any obligation or liability in connection with the administration, marketing or trading of XID.

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XEN – Jantzi Research Inc.

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Jantzi does not guarantee the accuracy or the completeness of XEN or any data included therein and Jantzi shall have no liability for any errors, omissions, or interruptions therein. Jantzi makes no warranty, condition or representation, express or implied, as to results to be obtained by BlackRock Canada, unitholders of XEN or any other person or entity from the use of the Jantzi Social Index or any data included therein. Jantzi makes no express or implied warranties, representations or conditions, and expressly disclaims all warranties or conditions of merchantability, merchantable quality or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the Jantzi Social Index or any data included therein. Without limiting any of the foregoing, in no event shall Jantzi have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

XEB – J.P. Morgan Securities Inc.

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XEB IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY J.P. MORGAN. J.P. MORGAN MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF XEB OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN SECURITIES GENERALLY OR IN XEB PARTICULARLY, OR THE ABILITY OF THE J.P. MORGAN EMBI GLOBAL CORE HEDGED TO CAD INDEX TO TRACK GENERAL BOND MARKET PERFORMANCE. THE J.P. MORGAN EMBI GLOBAL CORE HEDGED TO CAD INDEX WHICH IS DETERMINED, COMPOSED AND CALCULATED BY J.P. MORGAN WITHOUT REGARD TO BLACKROCK CANADA OR XEB. J.P. MORGAN HAS NO OBLIGATION TO TAKE THE NEEDS OF BLACKROCK CANADA OR THE OWNERS OF XEB INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE J.P. MORGAN EMBI GLOBAL CORE HEDGED TO CAD INDEX. J.P. MORGAN IS NOT RESPONSIBLE FOR AND HAS NOT PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF XEB TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH XEB IS TO BE CONVERTED INTO CASH. J.P. MORGAN HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR TRADING OF XEB. NEITHER THE PROVISION OF THE J.P. MORGAN EMBI GLOBAL CORE HEDGED TO CAD INDEX NOR THE MARKETING AND/OR SALE OF XEB, IS INTENDED TO BE, IS NOT REGARDED AS, AND DOES NOT INCLUDE ANY, TAX, LEGAL, ACCOUNTING, ACTUARIAL, RETIREMENT, FINANCIAL, INVESTMENT, OR OTHER PROFESSIONAL ADVICE. APPROPRIATE INDEPENDENT PROFESSIONAL ADVICE SHOULD BE OBTAINED BEFORE TAKING ANY ACTION IN CONNECTION WITH THE J.P. MORGAN EMBI GLOBAL CORE HEDGED TO CAD INDEX AND/OR XEB. INDEPENDENT JUDGMENT MUST BE EXERCISED WHEN MAKING ANY INVESTMENT DECISION.

THE J.P. MORGAN EMBI GLOBAL CORE HEDGED TO CAD INDEX AND XEB ARE PROVIDED “AS IS” WITH ANY AND ALL FAULTS. J.P. MORGAN DOES NOT GUARANTEE THE AVAILABILITY, SEQUENCE, TIMELINESS, QUALITY, ACCURACY AND/OR THE COMPLETENESS OF THE J.P. MORGAN EMBI GLOBAL CORE HEDGED TO CAD INDEX AND/OR XEB AND/OR ANY DATA INCLUDED THEREIN, OR OTHERWISE OBTAINED BY BLACKROCK CANADA, OWNERS OF XEB, OR BY ANY OTHER PERSON OR ENTITY FROM ANY USE OF THE J.P. MORGAN EMBI GLOBAL CORE HEDGED TO CAD INDEX AND/OR XEB. J.P. MORGAN MAKES NO WARRANTY, CONDITION OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY BLACKROCK CANADA, OWNERS OF XEB OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE J.P. MORGAN EMBI GLOBAL CORE HEDGED TO CAD INDEX OR ANY DATA INCLUDED THEREIN. J.P. MORGAN MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE J.P. MORGAN EMBI GLOBAL CORE HEDGED TO CAD INDEX OR ANY DATA INCLUDED THEREIN, OR OTHERWISE OBTAINED BY BLACKROCK CANADA, OWNERS OF XEB, OR BY ANY OTHER PERSON OR ENTITY FROM ANY USE OF THE J.P. MORGAN EMBI GLOBAL CORE HEDGED TO CAD INDEX AND/OR XEB. THERE ARE NO REPRESENTATIONS OR WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE OF THIS DOCUMENT, IF ANY. ALL WARRANTIES AND REPRESENTATIONS OF ANY KIND WITH REGARD TO THE J.P. MORGAN EMBI GLOBAL CORE

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XIN, XEM, XWD and XBZ — MSCI

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iShares Canadian Fixed Income Funds — PC-Bond

Under the terms of the PC-Bond License Agreement with PC-Bond, BlackRock Canada has agreed to include the following language in this prospectus:

The iShares Canadian Fixed Income Funds are not sponsored, endorsed, sold or promoted by PC-Bond, TSX Inc., its affiliates or third party data suppliers ("**PC-Bond Group**"). PC-Bond Group makes no representation, condition or warranty, express or implied, to unitholders of the iShares Canadian Fixed Income Funds or any member of the public regarding the advisability of investing in securities generally or in the units of the iShares Canadian Fixed Income Funds particularly or the ability of the Canadian Fixed Income Fund Indices to track general bond market performance or any other economic factors. PC-Bond's relationship to BlackRock Canada is the licensing of certain trademarks and the licensing of the Canadian Fixed Income Fund Indices which are determined,

composed and calculated by PC-Bond without regard to BlackRock Canada or the iShares Canadian Fixed Income Funds. PC-Bond has no obligation to take the needs of BlackRock Canada or unitholders of the iShares Canadian Fixed Income Funds into consideration in determining, composing or calculating the Canadian Fixed Income Fund Indices. PC-Bond is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of units of the iShares Canadian Fixed Income Funds to be issued or in the determination or calculation of the equation by which the units of the iShares Canadian Fixed Income Funds are to be redeemed. PC-Bond has no obligation or liability in connection with the administration, marketing or trading of the units of the iShares Canadian Fixed Income Funds.

PC-Bond Group does not guarantee the accuracy or the completeness of the Canadian Fixed Income Fund Indices or any data included therein and PC-Bond Group shall have no liability for any errors, omissions, or interruptions therein. PC-Bond Group makes no warranty, condition or representation, express or implied, as to results to be obtained by BlackRock Canada, unitholders of the iShares Canadian Fixed Income Funds, or any other person or entity from the use of the Canadian Fixed Income Fund Indices or any data included therein. PC-Bond Group makes no express or implied warranties, representations or conditions, and expressly disclaims all warranties or conditions of merchantability, merchantable quality or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the Canadian Fixed Income Fund Indices or any data included therein. Without limiting any of the foregoing, in no event shall PC-Bond Group have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

XQQ – NASDAQ OMX

Under the terms of the NASDAQ License Agreement and the NASDAQ Sublicense Agreement, BlackRock Canada has agreed to include the following language in the prospectus:

XQQ is not sponsored, endorsed, sold or promoted by NASDAQ OMX. NASDAQ OMX has not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, XQQ. NASDAQ OMX makes no representation or warranty, express or implied, to the owners of shares of XQQ or any member of the public regarding the advisability of investing in securities generally or in XQQ particularly or the ability of the NASDAQ Index to track general stock market performance. NASDAQ OMX's only relationship to XQQ, BTC and BlackRock Canada is the licensing of the NASDAQ®, NASDAQ OMX®, NASDAQ-100®, and NASDAQ-100 Currency Hedged CAD IndexSM trademarks and certain trade names of NASDAQ OMX and the use of the NASDAQ Index which is determined, composed and calculated by NASDAQ OMX without regard to XQQ, BTC or BlackRock Canada. NASDAQ OMX has no obligation to take the needs of BTC, BlackRock Canada or the owners of XQQ into consideration in determining, composing or calculating the NASDAQ Index.

NASDAQ OMX is not responsible for and has not participated in the determination of the prices and amount of Units of XQQ, or the timing of the issuance or sale of such Units, or in the determination or calculation of the equation by which XQQ is to be converted into cash. NASDAQ OMX has no obligation or liability in connection with the administration, marketing or trading of XQQ. NASDAQ OMX does not guarantee the accuracy or the completeness of the NASDAQ Index or any data included therein and NASDAQ OMX shall have no liability for any errors, omissions, or interruptions therein.

NASDAQ OMX DOES NOT GUARANTEE THE ACCURACY AND/OR UNINTERRUPTED CALCULATION AND COMPLETENESS OF THE NASDAQ INDEX OR ANY DATA INCLUDED THEREIN. NASDAQ OMX MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY XQQ OR LICENSEE, LICENSEE'S CUSTOMERS AND COUNTERPARTIES, OWNERS OF XQQ, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE NASDAQ INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED AS DESCRIBED HEREIN OR FOR ANY OTHER USE. NASDAQ MAKES NO EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE NASDAQ INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL NASDAQ OMX HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

iShares S&P/TSX Canadian Equity Funds, iShares International Mining Sector Funds, XHC, XLA and XPF – S&P

Under the terms of the S&P License Agreement and the S&P Sublicense Agreement, BlackRock Canada has agreed to include the following language in this prospectus:

The iShares S&P/TSX Canadian Equity Funds, iShares International Mining Sector Funds, XHC, XLA and XPF are not sponsored, endorsed, sold or promoted by S&P or the TSX. S&P and the TSX make no representation, condition or warranty, express or implied, to the owners of the iShares Funds or any member of the public regarding the advisability of investing in securities generally or in the iShares S&P/TSX Canadian Equity Funds, iShares International Mining Sector Funds, XHC, XLA or XPF particularly on the ability of the Indices to track general stock market performance or any other economic performance. S&P's and the TSX's only relationship to BTC and BlackRock Canada is the licensing of certain trademarks and trade names of S&P and the TSX and of the Indices which are determined, composed and calculated by S&P without regard to BTC, BlackRock Canada or the iShares S&P/TSX Canadian Equity Funds, iShares International Mining Sector Funds, XHC, XLA or XPF. S&P and the TSX have no obligation to take the needs of BTC or the owners of the iShares S&P/TSX Canadian Equity Funds, iShares International Mining Sector Funds, XHC, XLA or XPF into consideration in determining, composing or calculating the Indices. S&P and the TSX are not responsible for and have not participated in the determination of the prices and amount of the iShares S&P/TSX Canadian Equity Funds, iShares International Mining Sector Funds, XHC, XLA or XPF or in the determination or calculation of the equation by which the iShares S&P/TSX Canadian Equity Funds, iShares International Mining Sector Funds, XHC, XLA or XPF are to be converted into cash. S&P and the TSX have no obligation or liability in connection with the administration, marketing or trading of the iShares S&P/TSX Canadian Equity Funds, iShares International Mining Sector Funds, XHC, XLA or XPF.

S&P and the TSX do not guarantee the accuracy or the completeness of the Indices or any data included therein and S&P and the TSX shall have no liability for any errors, omissions or interruptions therein. S&P and the TSX make no warranty, condition or representation, express or implied, as to results to be obtained by BTC, BlackRock Canada, owners of the iShares S&P/TSX Canadian Equity Funds, iShares International Mining Sector Funds, XHC, XLA or XPF, or any other person or entity from the use of the Indices or any data included therein. S&P and the TSX make no express or implied warranties, representations or conditions and expressly disclaim all warranties or conditions of merchantability or fitness for a particular purpose or use or any other express or implied warranty or condition with respect to the Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P or the TSX have any liability for any special punitive, indirect or consequential damages, losses, costs, claims or expenses (including lost profits) resulting from the use of the Indices or any data included therein, even if notified of the possibility of such damages.

XSP — Standard and Poor's

Under the terms of the S&P License Agreement and the S&P Sublicense Agreement, BlackRock Canada has agreed to include the following language in this prospectus with regard to XSP:

XSP is not sponsored, endorsed, sold or promoted by S&P. S&P makes no representation, condition or warranty, express or implied, to the owners of XSP or any member of the public regarding the advisability of investing in securities generally or in XSP particularly or the ability of the applicable Index to track general stock market performance or any other economic performance. S&P's only relationship to BTC is the licensing of certain trademarks and trade names of S&P and of the applicable Index which is determined, composed and calculated by S&P without regard to BTC or XSP. S&P has no obligation to take the needs of BTC or the owners of XSP into consideration in determining, composing or calculating the applicable Index. S&P is not responsible for and has not participated in the determination of the prices and amount of XSP or in the determination or calculation of the equation by which XSP are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of XSP.

S&P does not guarantee the accuracy or the completeness of the applicable Index or any data included therein and S&P shall have no liability for any errors, omissions or interruptions therein. S&P makes no warranty, condition or representation, express or implied, as to results to be obtained by BTC, owners of XSP, or any other person or entity from the use of the applicable Index or any data included therein. S&P makes no express or implied warranties, representations or conditions and expressly disclaims all warranties or conditions of merchantability or

fitness for a particular purpose or use or any other express or implied warranty or condition with respect to the applicable Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special punitive, indirect or consequential damages, losses, costs, claims or expenses (including lost profits) resulting from the use of the applicable index or any data included therein, even if notified of the possibility of such damages.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in several of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment or within 48 hours after the receipt of a confirmation of a purchase of securities. In several of the provinces and territories of Canada, securities legislation provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of his or her province. A purchaser will not be entitled to exercise any statutory remedy for rescission or damages against any Underwriter in the event that the prospectus and any amendment contains a misrepresentation.

A purchaser should refer to any applicable provisions of the securities legislation of his or her province or territory of residence for the particulars of these rights or consult with a legal advisor.

DOCUMENTS INCORPORATED BY REFERENCE

During the period in which the iShares Funds are in continuous distribution, additional information will be available in:

- (a) the most recently filed comparative annual financial statements of the iShares Funds, together with the accompanying report of the auditor;
- (b) any interim financial statements of the iShares Funds filed after the most recently filed comparative annual financial statements of the iShares Funds;
- (c) the most recently filed annual MRFP of the iShares Funds; and
- (d) any interim MRFP of the iShares Funds filed after the most recently filed annual MRFP of the iShares Funds.

These documents are incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document. Copies of the foregoing documents are publicly available on the iShares Funds web site at www.ishares.ca and may be obtained upon request, at no cost, by calling 1-866-474-2737 or by contacting a registered dealer. These documents and other information about the iShares Funds are publicly available at www.sedar.com.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is incorporated by reference herein modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or includes any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this prospectus.

AUDITOR'S CONSENT

iShares S&P®/TSX® 60 Index Fund	iShares DEX Universe Bond Index Fund
iShares S&P/TSX Capped Composite Index Fund	iShares DEX Real Return Bond Index Fund
iShares S&P/TSX Completion Index Fund	iShares MSCI Emerging Markets Index Fund
iShares S&P/TSX SmallCap Index Fund	iShares MSCI World Index Fund
iShares S&P/TSX Capped Energy Index Fund	iShares S&P/TSX Global Gold Index Fund
iShares S&P/TSX Capped Financials Index Fund	iShares S&P 500 Index Fund (CAD-Hedged)
iShares S&P/TSX Capped Information Technology Index Fund	iShares MSCI EAFE® Index Fund (CAD-Hedged)
iShares S&P/TSX Capped REIT Index Fund	iShares Russell 2000® Index Fund (CAD-Hedged)
iShares S&P/TSX Capped Materials Index Fund	iShares China Index Fund
iShares Dow Jones Canada Select Dividend Index Fund	iShares MSCI Brazil Index Fund
iShares Dow Jones Canada Select Growth Index Fund	iShares S&P Latin America 40 Index Fund
iShares Dow Jones Canada Select Value Index Fund	iShares S&P CNX Nifty India Index Fund
iShares Jantzi Social Index Fund	iShares U.S. IG Corporate Bond Index Fund (CAD-Hedged)
iShares DEX Short Term Bond Index Fund	iShares U.S. High Yield Bond Index Fund (CAD-Hedged)
iShares DEX All Corporate Bond Index Fund	iShares DEX HYBrid Bond Index Fund
iShares DEX All Government Bond Index Fund	iShares S&P/TSX North American Preferred Stock Index Fund (CAD-Hedged)
iShares DEX Long Term Bond Index Fund	

(collectively, the “**Existing Funds**”)

iShares S&P/TSX Capped Consumer Staples Index Fund
iShares S&P/TSX Capped Utilities Index Fund
iShares S&P/TSX Global Base Metals Index Fund
iShares S&P/TSX Equity Income Index Fund
iShares S&P/TSX Venture Index Fund
iShares S&P Global Healthcare Index Fund (CAD-Hedged)
iShares J.P. Morgan USD Emerging Markets Bond Index Fund (CAD-Hedged)
iShares NASDAQ 100 Index Fund (CAD-Hedged)

(collectively, the “**New Funds**” and, together with the Existing Funds, the “**Funds**”)

We have read the prospectus (the “**Prospectus**”) of the Funds, dated April 11, 2011, relating to the issue and sale of units of the Funds. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned Prospectus of our report to BlackRock Asset Management Canada Limited, the trustee of the Funds, and unitholders of each of the Funds on the following financial statements:

- statement of financial position as at April 11, 2011 for each of the New Funds only;
- statements of net assets as at December 31, 2010 and 2009 for each of the Existing Funds, except for iShares MSCI Brazil Index Fund, iShares China Index Fund, iShares S&P CNX Nifty India Index Fund, iShares S&P Latin America 40 Index Fund, iShares U.S. High Yield Bond Index Fund (CAD-Hedged), iShares U.S. IG Corporate Bond Index Fund (CAD-Hedged), iShares DEX HYBrid Bond Index Fund and iShares S&P/TSX North American Preferred Stock Index Fund (CAD-Hedged), which are each as at December 31, 2010 only;
- statement of investments as at December 31, 2010 for each of the Existing Funds; and
- statements of operations and changes in net assets for the years ended December 31, 2010 and 2009 for each of the Existing Funds, except for iShares MSCI Brazil Index Fund, iShares China Index Fund, iShares S&P CNX Nifty India Index Fund, iShares S&P Latin America 40 Index Fund, iShares U.S. High Yield Bond Index Fund (CAD-Hedged) and iShares U.S. IG Corporate Bond Index Fund (CAD-Hedged), which are each for the period from January 21, 2010 to

December 31, 2010; iShares DEX HYBrid Bond Index Fund, which is for the period from September 22, 2010 to December 31, 2010; iShares S&P/TSX North American Preferred Stock Index Fund (CAD-Hedged), which is for the period from November 16, 2010 to December 31, 2010; and iShares MSCI Emerging Markets Index Fund and iShares MSCI World Index Fund, which are each for the year ended December 31, 2010 and for the period from June 18, 2009 to December 31, 2009.

Our report on the statements of financial position of the New Funds is dated April 11, 2011 and on the financial statements of the Existing Funds is dated March 10, 2011.

(Signed) “PricewaterhouseCoopers LLP”
Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
April 11, 2011

INDEPENDENT AUDITOR'S REPORT

To the Trustee and Unitholder of

iShares S&P/TSX Equity Income Index Fund
iShares S&P/TSX Capped Consumer Staples Index Fund
iShares S&P/TSX Capped Utilities Index Fund
iShares S&P/TSX Venture Index Fund
iShares S&P/TSX Global Base Metals Index Fund
iShares S&P Global Healthcare Index Fund (CAD-Hedged)
iShares NASDAQ 100 Index Fund (CAD-Hedged)
iShares J.P. Morgan USD Emerging Markets Bond Index Fund (CAD-Hedged)

(collectively, the “**Funds**” or, individually, a “**Fund**”)

We have audited the accompanying statement of financial position for each of the Funds as at April 11, 2011 and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of the financial statement of each Fund in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statement of each Fund based on each of our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained in each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of financial position of each of the Funds presents fairly, in all material respects, the financial position of each of the Funds as at April 11, 2011 in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
April 11, 2011

(Signed) “PricewaterhouseCoopers LLP”
Chartered Accountants, Licensed Public Accountants

iSHARES S&P/TSX EQUITY INCOME INDEX FUND
STATEMENT OF FINANCIAL POSITION
As at April 11, 2011

		iShares S&P/TSX Equity Income Index Fund
Assets		
	Cash	\$20
Unitholder's Equity		\$20

Note:

- (1) iShares S&P/TSX Equity Income Index Fund (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust amended and restated as of April 6, 2011.
- (2) BlackRock Asset Management Canada Limited ("BlackRock Canada") subscribed for one unit of the Fund at \$20 per unit on April 11, 2011.
- (3) The statement of financial position of the Fund is prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The following is a summary of significant accounting policies used by the Fund:

Use of Estimates

The preparation of the statement of financial position in accordance with Canadian GAAP requires BlackRock Canada to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

Cash

Cash represents cash held by the Fund and is carried at fair value.

Valuation of Fund Units for Transaction Purposes

Net asset value per unit of the Fund is calculated at the end of each day on which BlackRock Canada is open for business by dividing the net asset value of the Fund by the outstanding units.

Approved on behalf of the Board of Directors of the Trustee,
BLACKROCK ASSET MANAGEMENT CANADA LIMITED

(SIGNED) WILLIAM CHINERY
Director

(SIGNED) MARY ANNE WILEY
Director

iSHARES S&P/TSX CAPPED CONSUMER STAPLES INDEX FUND
STATEMENT OF FINANCIAL POSITION
As at April 11, 2011

	iShares S&P/TSX Capped Consumer Staples Index Fund
Assets	
Cash	\$20
Unitholder's Equity	\$20

Note:

- (1) iShares S&P/TSX Capped Consumer Staples Index Fund (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust amended and restated as of April 6, 2011.
- (2) BlackRock Asset Management Canada Limited ("BlackRock Canada") subscribed for one unit of the Fund at \$20 per unit on April 11, 2011.
- (3) The statement of financial position of the Fund is prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The following is a summary of significant accounting policies used by the Fund:

Use of Estimates

The preparation of the statement of financial position in accordance with Canadian GAAP requires BlackRock Canada to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

Cash

Cash represents cash held by the Fund and is carried at fair value.

Valuation of Fund Units for Transaction Purposes

Net asset value per unit of the Fund is calculated at the end of each day on which BlackRock Canada is open for business by dividing the net asset value of the Fund by the outstanding units.

Approved on behalf of the Board of Directors of the Trustee,
BLACKROCK ASSET MANAGEMENT CANADA LIMITED

(SIGNED) WILLIAM CHINERY
 Director

(SIGNED) MARY ANNE WILEY
 Director

iSHARES S&P/TSX CAPPED UTILITIES INDEX FUND
STATEMENT OF FINANCIAL POSITION
As at April 11, 2011

		iShares S&P/TSX Capped Utilities Index Fund
Assets		
	Cash	\$20
Unitholder's Equity	\$20

Note:

- (1) iShares S&P/TSX Capped Utilities Index Fund (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust amended and restated as of April 6, 2011.
- (2) BlackRock Asset Management Canada Limited ("BlackRock Canada") subscribed for one unit of the Fund at \$20 per unit on April 11, 2011.
- (3) The statement of financial position of the Fund is prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The following is a summary of significant accounting policies used by the Fund:

Use of Estimates

The preparation of the statement of financial position in accordance with Canadian GAAP requires BlackRock Canada to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

Cash

Cash represents cash held by the Fund and is carried at fair value.

Valuation of Fund Units for Transaction Purposes

Net asset value per unit of the Fund is calculated at the end of each day on which BlackRock Canada is open for business by dividing the net asset value of the Fund by the outstanding units.

Approved on behalf of the Board of Directors of the Trustee,
BLACKROCK ASSET MANAGEMENT CANADA LIMITED

(SIGNED) WILLIAM CHINERY
Director

(SIGNED) MARY ANNE WILEY
Director

iSHARES S&P/TSX VENTURE INDEX FUND
STATEMENT OF FINANCIAL POSITION
As at April 11, 2011

	iShares S&P/TSX Venture Index Fund
Assets	
Cash	\$20
Unitholder's Equity	\$20

Note:

- (1) iShares S&P/TSX Venture Index Fund (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust amended and restated as of April 6, 2011.
- ((2) BlackRock Asset Management Canada Limited ("BlackRock Canada") subscribed for one unit of the Fund at \$20 per unit on April 11, 2011.
- (3) The statement of financial position of the Fund is prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The following is a summary of significant accounting policies used by the Fund:

Use of Estimates

The preparation of the statement of financial position in accordance with Canadian GAAP requires BlackRock Canada to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

Cash

Cash represents cash held by the Fund and is carried at fair value.

Valuation of Fund Units for Transaction Purposes

Net asset value per unit of the Fund is calculated at the end of each day on which BlackRock Canada is open for business by dividing the net asset value of the Fund by the outstanding units.

Approved on behalf of the Board of Directors of the Trustee,
BLACKROCK ASSET MANAGEMENT CANADA LIMITED

(SIGNED) WILLIAM CHINERY
Director

(SIGNED) MARY ANNE WILEY
Director

iSHARES S&P/TSX GLOBAL BASE METALS INDEX FUND
STATEMENT OF FINANCIAL POSITION
As at April 11, 2011

	iShares S&P/TSX Global Base Metals Index Fund
Assets	
Cash	\$20
Unitholder's Equity	\$20

Note:

- (1) iShares S&P/TSX Global Base Metals Index Fund (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust amended and restated as of April 6, 2011.
- (2) BlackRock Asset Management Canada Limited ("BlackRock Canada") subscribed for one unit of the Fund at \$20 per unit on April 11, 2011.
- (3) The statement of financial position of the Fund is prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The following is a summary of significant accounting policies used by the Fund:

Use of Estimates

The preparation of the statement of financial position in accordance with Canadian GAAP requires BlackRock Canada to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

Cash

Cash represents cash held by the Fund and is carried at fair value.

Valuation of Fund Units for Transaction Purposes

Net asset value per unit of the Fund is calculated at the end of each day on which BlackRock Canada is open for business by dividing the net asset value of the Fund by the outstanding units.

Approved on behalf of the Board of Directors of the Trustee,
BLACKROCK ASSET MANAGEMENT CANADA LIMITED

(SIGNED) WILLIAM CHINERY
 Director

(SIGNED) MARY ANNE WILEY
 Director

iSHARES S&P GLOBAL HEALTHCARE INDEX FUND (CAD-HEDGED)
STATEMENT OF FINANCIAL POSITION
As at April 11, 2011

	iShares S&P Global Healthcare Index Fund (CAD-Hedged)
Assets	
Cash	\$20
Unitholder's Equity	\$20

Note:

- (1) iShares S&P Global Healthcare Index Fund (CAD-Hedged) (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust amended and restated as of April 6, 2011.
- (2) BlackRock Asset Management Canada Limited ("BlackRock Canada") subscribed for one unit of the Fund at \$20 per unit on April 11, 2011.
- (3) The statement of financial position of the Fund is prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The following is a summary of significant accounting policies used by the Fund:

Use of Estimates

The preparation of the statement of financial position in accordance with Canadian GAAP requires BlackRock Canada to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

Cash

Cash represents cash held by the Fund and is carried at fair value.

Valuation of Fund Units for Transaction Purposes

Net asset value per unit of the Fund is calculated at the end of each day on which BlackRock Canada is open for business by dividing the net asset value of the Fund by the outstanding units.

Approved on behalf of the Board of Directors of the Trustee,
BLACKROCK ASSET MANAGEMENT CANADA LIMITED

(SIGNED) WILLIAM CHINERY
 Director

(SIGNED) MARY ANNE WILEY
 Director

iSHARES NASDAQ 100 INDEX FUND (CAD-HEDGED)
STATEMENT OF FINANCIAL POSITION
As at April 11, 2011

	iShares NASDAQ 100 Index Fund (CAD-Hedged)
Assets	
Cash	\$20
Unitholder's Equity	\$20

Note:

- (1) iShares NASDAQ 100 Index Fund (CAD-Hedged) (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust amended and restated as of April 6, 2011.
- (2) BlackRock Asset Management Canada Limited ("BlackRock Canada") subscribed for one unit of the Fund at \$20 per unit on April 11, 2011.
- (3) The statement of financial position of the Fund is prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The following is a summary of significant accounting policies used by the Fund:

Use of Estimates

The preparation of the statement of financial position in accordance with Canadian GAAP requires BlackRock Canada to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

Cash

Cash represents cash held by the Fund and is carried at fair value.

Valuation of Fund Units for Transaction Purposes

Net asset value per unit of the Fund is calculated at the end of each day on which BlackRock Canada is open for business by dividing the net asset value of the Fund by the outstanding units.

Approved on behalf of the Board of Directors of the Trustee,
BLACKROCK ASSET MANAGEMENT CANADA LIMITED

(SIGNED) WILLIAM CHINERY
 Director

(SIGNED) MARY ANNE WILEY
 Director

iSHARES J.P. MORGAN USD EMERGING MARKETS BOND INDEX FUND (CAD-HEDGED)
STATEMENT OF FINANCIAL POSITION
As at April 11, 2011

		iShares J.P. Morgan USD Emerging Markets Bond Index Fund (CAD-Hedged)
Assets		
	Cash	\$20
Unitholder's Equity	\$20

Note:

- (1) iShares J.P. Morgan USD Emerging Markets Bond Index Fund (CAD-Hedged) (the "Fund") was established under the laws of the Province of Ontario by a Master Declaration of Trust amended and restated as of April 6, 2011.
- (2) BlackRock Asset Management Canada Limited ("BlackRock Canada") subscribed for one unit of the Fund at \$20 per unit on April 11, 2011.
- (3) The statement of financial position of the Fund is prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The following is a summary of significant accounting policies used by the Fund:

Use of Estimates

The preparation of the statement of financial position in accordance with Canadian GAAP requires BlackRock Canada to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position. These estimates are made based on information available as at the date of the statement of financial position. Actual results could materially differ from those estimates.

Cash

Cash represents cash held by the Fund and is carried at fair value.

Valuation of Fund Units for Transaction Purposes

Net asset value per unit of the Fund is calculated at the end of each day on which BlackRock Canada is open for business by dividing the net asset value of the Fund by the outstanding units.

Approved on behalf of the Board of Directors of the Trustee,
BLACKROCK ASSET MANAGEMENT CANADA LIMITED

(SIGNED) WILLIAM CHINERY
Director

(SIGNED) MARY ANNE WILEY
Director

CERTIFICATE OF THE iSHARES FUNDS, TRUSTEE AND THE MANAGER

ON BEHALF OF

iSHARES DOW JONES CANADA SELECT GROWTH INDEX FUND
iSHARES S&P®/TSX® SMALLCAP INDEX FUND
iSHARES DOW JONES CANADA SELECT VALUE INDEX FUND
iSHARES DOW JONES CANADA SELECT DIVIDEND INDEX FUND
iSHARES S&P/TSX CAPPED ENERGY INDEX FUND
iSHARES JANTZI SOCIAL INDEX FUND
iSHARES S&P/TSX CAPPED FINANCIALS INDEX FUND
iSHARES S&P/TSX CAPPED COMPOSITE INDEX FUND
iSHARES S&P/TSX CAPPED INFORMATION TECHNOLOGY INDEX FUND
iSHARES S&P/TSX 60 INDEX FUND
iSHARES S&P/TSX CAPPED MATERIALS INDEX FUND
iSHARES S&P/TSX COMPLETION INDEX FUND
iSHARES S&P/TSX CAPPED REIT INDEX FUND
iSHARES DEX UNIVERSE BOND INDEX FUND
iSHARES DEX ALL CORPORATE BOND INDEX FUND
iSHARES DEX ALL GOVERNMENT BOND INDEX FUND
iSHARES DEX LONG TERM BOND INDEX FUND
iSHARES DEX REAL RETURN BOND INDEX FUND
iSHARES DEX SHORT TERM BOND INDEX FUND
iSHARES MSCI BRAZIL INDEX FUND
iSHARES CHINA INDEX FUND

iSHARES MSCI EMERGING MARKETS INDEX FUND
iSHARES S&P CNX NIFTY INDIA INDEX FUND
iSHARES S&P LATIN AMERICA 40 INDEX FUND
iSHARES MSCI WORLD INDEX FUND
iSHARES S&P/TSX GLOBAL GOLD INDEX FUND
iSHARES MSCI EAFE® INDEX FUND (CAD-HEDGED)
iSHARES S&P 500 INDEX FUND (CAD-HEDGED)
iSHARES RUSSELL 2000® INDEX FUND (CAD-HEDGED)
iSHARES U.S. HIGH YIELD BOND INDEX FUND (CAD-HEDGED)
iSHARES U.S. IG CORPORATE BOND INDEX FUND (CAD-HEDGED)
iSHARES DEX HYBRID BOND INDEX FUND
iSHARES S&P/TSX NORTH AMERICAN PREFERRED STOCK INDEX FUND (CAD-HEDGED)
iSHARES S&P/TSX CAPPED CONSUMER STAPLES INDEX FUND
iSHARES S&P/TSX CAPPED UTILITIES INDEX FUND
iSHARES S&P/TSX GLOBAL BASE METALS INDEX FUND
iSHARES S&P/TSX EQUITY INCOME INDEX FUND
iSHARES S&P/TSX VENTURE INDEX FUND
iSHARES S&P GLOBAL HEALTHCARE INDEX FUND (CAD-HEDGED)
iSHARES J.P. MORGAN USD EMERGING MARKETS BOND INDEX FUND (CAD-HEDGED)
iSHARES NASDAQ 100 INDEX FUND (CAD-HEDGED)

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut.

Dated the 11th day of April, 2011.

BLACKROCK ASSET MANAGEMENT CANADA LIMITED as Trustee and Manager of the iShares Funds

(SIGNED) WILLIAM CHINERY
Chief Executive Officer

(SIGNED) PAUL GREENBERG
Chief Financial Officer

On behalf of the Board of Directors of BlackRock Asset Management Canada Limited

(SIGNED) MARY ANNE WILEY
Director

(SIGNED) ERIC LÉVEILLÉ
Director